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FINANCIAL TIMES

No. 27,226 Monday March 21 1977 * 12p

PLANNING A NEW FACTORY?
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NEWS SUMMARY

GENERAL BUSINESS

Special Products forecasts profits
● BRITISH LEYLAND Special Products group expects to increase its profit by 43 per cent. in 1977 to £16m. and to raise sales by 33 per cent. to £203m. A 43 per cent. jump in capital spending to £16m. is planned. These figures are expected to provide ammunition for those who believe the group should be split off from British Leyland. Back Page. Talks begin today on the toolmakers' grievances as production returns to normal after a four-week strike in which 50,000 were laid off. Page 39

Large-scale repayments of the sizeable sums of official foreign currency borrowings arranged by the U.K. over the last two years will begin in 1979. Back Page

DEPARTMENT of Trade is considering dropping the requirement for private companies to have fewer than 50 shareholders. This will allow companies such as housing associations to turn private when an EEC directive comes into force requiring a minimum capital of £16,000 for public companies. Page 5

TIGHT monetary controls now in existence should be applied with the utmost flexibility, said Sir John Priddy as chairman of National Westminster Bank. They should be relaxed as soon as the economic situation permits to avoid long-term harm to U.K. industry. Page 24

Lord Mayor London dies
James Miller, a former Lord Mayor of London, died yesterday. He was 72. He had a life-long passion for sailing and gave £75,000 towards the building of a sister ship to the training schooner, Sir John Churchill, Lord Cobham, Governor-General of New Zealand, has died in London. He was 77.

Top Venezuela bid by GEC
● BRITISH consortium led by GEC made by far the highest bid for a contract to supply railings and rails for the Caracas Metro. With seven competitors, the bid was \$665.5m., while the lowest was \$229m. Back Page

THAMES NITROGEN, an independent U.K. fertiliser supplier, has shut its Essex plant at Rainham because of continued increases in the cost of imported ammonia. It says that it cannot compete with dominant producer ICI, which obtains its supplies of gas—the raw material—under a long-term contract. Page 5

Harland and Wolff, the State-controlled Belfast shipyard, look set to win orders for two gas carriers from Shell expected to be worth £50m. Page 5

TRADE UNIONS at IBM plan to use the Employment Protection Act to force recognition in the face of a 25-year-old ban within the multi-national group. Page 30

CONSTRUCTION industry expects the impending introduction of the Government's tax deduction scheme designed to eliminate lump labour to cause serious cash flow problems. Page 5

Hitachi factory plan attacked
● JAPANESE group Hitachi should not be permitted to set up a manufacturing unit in Britain, the U.K. TV industry has told the Government. Back Page. Hitachi is challenging EMI in the market for brain-scanners, which the U.K. group pioneered in the early 1970s, by mounting an aggressive sales campaign in Japan. Page 27. Hitachi predicts net profit for the second-half of 1976 to be below the £31.5m. of the first-half, but well above the £23.2m. recorded in 1975's second-half. Page 27

Companies
● L. M. ERICSSON, the Swedish telecommunications group, shows a 42 per cent. decline in profit to Kr.407m. (£56.2m.) in the preliminary results for 1976. Page 27

● INCHCAPE convertible Euro-bond issue has been increased from £25m. to £35m., although the conversion terms are unchanged; the stock will be convertible at 385p, a discount from Friday's closing price of 380p, after six months. Page 28

Features
● Anthony and Broadcasting 25
● Justice 2

FT SURVEY
● Saudi Arabia 11-24

ON OTHER PAGES

1	Int. Company News	27	Share Information	23-25
2	Labour News	28	Sport	2
3	Leading Articles	29	The Technical Page	2
4	Letters	26	Unit Trusts	29
5	Lex	34	Week's Diary	25
6	London	22	TV and Radio	25
7	London News	23	World News	26
8	World News	27	World Trade	26
9	World News	27	World Trade	26
10	World News	27	World Trade	26
11	World News	27	World Trade	26
12	World News	27	World Trade	26

LIBERALS TAKE TOUGH BARGAINING STANCE ON VOTES AID

Callaghan's hope of avoiding election is fading

BY RICHARD EVANS, LOBBY CORRESPONDENT

Mr. Callaghan's prospects of avoiding a General Election worsened significantly yesterday when Mr. David Steel outlined the conditions under which the Liberals would be prepared to see the Government remain in office.

The Liberal leader made the Prime Minister's task of reaching some form of agreement with the party's 13 MPs immeasurably more difficult when he insisted that any Government commitment would have to be "open and public."

Although the Prime Minister and his Cabinet colleagues are known to be in favour of talks with the Liberals in the hope of staving off defeat in Wednesday's general election, any deal would have to be reached with great discretion.

It is unlikely that Mr. Callaghan will be willing to enter into any form of public commitment.

Mr. Steel, who has now become the key to the Government's survival, made his tough bargaining position clear in an interview on ITV's Weekend World after making contact with most of his Parliamentary colleagues.

The only thing that would prevent the Liberals from backing the Conservative motion of no confidence in the Government would be, he said, an initiative from Ministers "to change the whole course of policy in the European Parliament on the basis of some form of proportional representation, and early legislation on industrial demands is likely to be explored at a meeting between Mr. Callaghan and Mr. Steel in London early this week, probably to-morrow.

The Prime Minister spent yesterday at Chequers planning his strategy for the next three days when he will explore all avenues open to him to keep his minority Administration in power.

The importance of the Liberal position is shown by the Commons arithmetic. Labour has 310 votes and can rely on the support of Mr. Gerry Fitt of the Social Democratic Labour Party, giving a voting total of 317.

The Conservatives with 278 MPs will be joined by the 14 Nationalists, the two members of the breakaway Scottish Labour Party, and probably also the 10 of the Ulster Unionists, giving a total of 303.

This leaves out of account the remaining Ulster Unionist, Mr. Enoch Powell, who is expected to vote against the Government.

Continued on Back Page

Mrs. Gandhi and Sanjay lose in poll

BY DAVID HOUSEGO, ASIA CORRESPONDENT
NEW DELHI, March 20.

THE INDIAN electorate to-night appeared to have decisively rejected Mrs. Indira Gandhi's emergency rule and to have left the country with little chance of a stable Government.

In the most humiliating blow, Mrs. Gandhi was defeated in her own constituency by Mr. Raj Narain, whose petition against her for corrupt electoral practices after the 1971 election resulted in the declaration of the emergency.

Her son Sanjay, who only three months ago was spoken of as her chosen political heir, lost in the neighbouring constituency of Amethi in Uttar Pradesh.

Another casualty and confidant of Mrs. Gandhi was Mr. Bansi Lal, the Defence Minister. He, like Sanjay, was associated with the high-handedness and authoritarianism that were at the root of the unpopularity of emergency rule.

Several other ministers, including Mr. H. R. Gokhale, the Law Minister responsible for the draft of the amendment to the constitution, and Mr. D. D. Sharma, the Minister for Communications, were also defeated. The Congress Party as a whole seemed on the brink of its first defeat since India became independent 30 years ago.

Mrs. Gandhi's defeat in her constituency does not mean she would have to step down immediately as Prime Minister, if her Party retains a majority. She could continue in office for six months before seeking a seat in Parliament through a by-election.

Supporters of the opposition Janata Party showed wild jubilation as the election results flowed in.

Thousands of people danced in the streets of Delhi and waved the Janata Party flag.

Impact
In the south, however, where the impact of the emergency was felt less, Congress has been taking most of the seats. The party seems to be establishing a strong lead in Andhra Pradesh and Karnataka, and, with the aid of a local film idol, in Tamil Nadu.

It is also riding to victory, though less comfortably than in previous elections, in Maharashtra.

Never before has there been such a split between the two halves of the country, with north and south voting for rival parties. Congress strength in the new Parliament will basically be concentrated in four States.

The shape of the next Administration will be decided by the deals struck by politicians in the coming days. Manoeuvring was already under way to-night as it appeared that Mrs. Gandhi would drop out of political life.

Personally rejected and with few close advisers left with any political standing, she seemed to-night to have little chance of carrying through any counter-measures to preserve her position.

Dominated
With results known for 205 out of 540 seats, the Congress Party had 76, the Janata Party 103 and others 25.

At the election results came in, India's Acting President R. D. Jatti revoked the 21-month-old state of internal emergency imposed by Mrs. Gandhi.

The political bargaining of the coming days is likely to submerge the clear-cut ideological issues of democracy versus tyranny which dominated the campaign and instead bring back the familiar factional in-fighting of Indian politics.

Inevitably this in-fighting will be dominated by the same professional machine politicians who have wrangled with Mrs. Gandhi and who are now left to tussle among themselves.

The election has aroused enormous expectations—not only of political freedom but also of

Victory for French Left in municipal elections

BY ROBERT MAUTHNER
PARIS, March 20.

FRANCE'S Opposition Left-wing alliance won a sweeping victory yesterday in the municipal elections, greatly enhancing its prospects of defeating the Government Coalition in next spring's General Election.

The Left, grouping the Socialists, Communists, and the Left-wing and Radical parties, did even better than in the first round of the elections last Sunday, contrary to the usual pattern in the two-round French electoral system.

While the Government parties had the same score as last week, about 46 per cent. of the vote, the Union of the Left raised its percentage from 51 to 52.5 per cent., according to computer projections.

Even in Paris, the Left did much better than expected after its relatively poor showing in the first round, polling 2 to 3 percentage points more of the vote than M. Mitterrand did there in the Presidential election.

The Government had a particularly humiliating defeat in the arrondissement where M. d'Ornano was defeated by a Communist-led list.

In the rest of the country the Left made huge strides, ousting Government mayors from over 50 towns of over 30,000 people and consolidating its hold on the west, traditionally a conservative stronghold, by capturing the Breton capital of Rennes.

Perhaps the severest setback for the Government in the provinces was in the central industrial city, St. Etienne, home of France's famous soccer team, where a Communist unseated the Mayor, M. Michel-Durafour, who is Deputy Finance Minister.

Another Government Minister, M. Norbert Segard, State Secretary for Posts and Telecommunications, was beaten in Lille, where the Socialist Mayor, M. Pierre Mauroy, won by a substantial margin.

One of the few Government consolation prizes was its victory, after a close fight, in Toulouse, the fourth largest city and centre of the aircraft industry, over a leading Socialist, M. Alain Savary.

Chirac role

The results, interpreted as a defeat even by some prominent Government leaders, were in line with the steady progress by the Left in all French elections since the beginning of this decade.

It is sometimes forgotten that even President Giscard d'Estaing was elected by only a few hundred thousand votes in 1974, and that his Socialist opponent, M. Francois Mitterrand, polled more than 49 per cent. of the vote.

The Left was expected to make further gains in these elections, but it was greatly helped by the profound divisions in the Government camp between Gaullists and President Giscard's Centrist supporters, particularly sharp in Paris.

M. Jacques Chirac, the Gaullist leader, who decided to run for Mayor of the capital against the official Government candidate, the Socialist Minister, Michel d'Ornano, has won his gamble, though at the expense of Government unity.

According to late estimates, M. Chirac won 52 seats on the city council, compared with M. d'Ornano's 17 and the Left's 40, giving the ruling coalition the required majority to elect the Mayor.

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Money restraint will deepen recession, say analysts

BY ANTHONY HARRIS

EXISTING policies of monetary restraint will lead the U.K. into deepening recession, according to two influential analyses published today.

Greenwell, the stockbrokers call for lower interest rates and an appreciation in the foreign value of sterling. A more broadly-based attack from the Economic Policy Group at Cambridge, says the agreement with the IMF should be re-negotiated and calls for energetic reflation, protected by controls on manufactured imports.

The Greenwell analysis says that the impression of monetary restraint given by the recent fall in interest rates is deceptive. The new figures for monetary growth released last week confirm that restrictions are a great deal tighter than is implied by the target for monetary growth.

When allowance was made for inflation, the real value of the money stock was reduced by a fifth in the five months to February, the brokers say in their latest Monetary Bulletin. It had fallen 46 per cent. since the beginning of the financial year.

The squeeze was even tighter than it appeared, because it was not preceded—as was the case in 1974, for example—by a period of excessive monetary growth. There was, therefore, a risk of repeating the errors of 1974, 1969, 1966 and 1961, when a squeeze was imposed as the economy slid into recession.

A rise in sterling would stimulate the economy by checking inflation.

Critical
The Cambridge analysis, which continues the unconventional work in medium-term issues which has been carried on for some years by Mr. Wynne Godley and his associates at the Department of Applied Economics, makes a radical assault on the international approach to the present recession. It says this is partly caused by the "present fashion for monetary policies."

The annual review is also critical of recent

Warning
The conclusion drawn by Government leaders is that they cannot hope to win next year's General Election without a restoration of the coalition parties' unity.

M. Chirac also repeated to-night his constant theme song: the President Giscard and the Government must take the fight to the Left to avoid a crushing defeat next year, instead of sitting back and hoping that the electorate will come round spontaneously to appreciating the virtues of the President's "advanced liberal society."

But the personal rivalry between M. Chirac and President Giscard and the Gaullists and Centrists in general has now reached such proportions that a real reconciliation has become very difficult.

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Horrid cynicism of the media

BY IAN DAVIDSON

LORD RYDER is quite right to pin the blame for Britain's Leyland troubles squarely where it belongs, on the cynicism and criticism of the Press. Indeed, Leyland is not the only victim of the yapping and mud-slinging in the media generally, which have become so clamorous of late.

There's Yorkshire television casting gratuitous "insults" at Connelton. Paddy O'Connor over his selfless work for the homeless. There's the Evening Standard running a campaign against honourable citizens who put in overtime to keep London's boroughs going.

Alternatively, it could reward sensible reporters with knight-hoods or peerages. This would give a fillip to the ermine-ostentatious and ceremonial robes trade, but it might lead to a bewildering proliferation of titles. After all, if parliamentary sketch writers were to get knight-hoods, political editors would need baronetcies, leader-writers baronies, editors earldoms, managing directors dukedoms and proprietors princelings.

TV Radio

- Indicates programmes in black and white
BBC 1
6.40-7.55 a.m. Open University (UHF only)
9.38 For Schools, Peble Mill, 1.45 The Plumpies, 2.01 For Schools, Colleges, 3.15 Songs of Praise, 3.53 Regional News (except London), 2.55 Play School, 4.30 Deputy Dawg, 4.25 Jackanory, 4.40 Blue Peter, 5.15 It's Our Turn, 5.25 Paddington, 5.40 News, 5.55 Nationwide (London and South East only), 6.20 Nationwide, 6.50 Ask the Family

F.T. CROSSWORD PUZZLE No. 3335

Crossword puzzle grid with numbers 1-30 and clues for Across and Down.

- ACROSS
1 Gaiety girl includes it (8)
2 Rock-garden? (6)
3 Blessed is the married man (8)
10 'That I shall say good night to it' — (R. and J.) (8)
12 Restored Russian about to cause a commotion (9)
13 'From out thy dark... thou art summoned' (Iolanthe) (5)
14 The young lady is not a success (4)
16 It leads to the Palace, but you can't win it! (3, 4)
19 Hint from a dog (7)
21 Wags keep them about them (4)
24 Profligate takes in a horse—the rascal (5)
25 Get a bit nearer to a place in Essex (9)
27 Obviously a sound film (6)
28 Clergyman has the tea, but it clear (5)
29 It takes offensive action to the cease work (6)
30 Toll and rest confused in 26 Good-for-nothing causes disturbance in Poona (5)

House of Lords must rule on meaning of 'discount'

BY JUSTINIAN

IN Wiltshire (Inspector of Taxes) v. International Commercial Bank Ltd. the Court of Appeal faced a problem of great importance when it had to decide whether the bank's practice of discounting promissory notes was a business.

When the time came to prepare its annual profit and loss accounts, "to give a true and fair view of the profit or loss" of the bank for the financial year, complying with section 149 (1) of the Companies Act 1949, the bank dealt with the problem of bringing into account the discount being earned on the promissory notes it was holding in exactly the same way as that discount was ordinary interest, payable on maturity.

Rethinking

That is to say, the bank treated the discount as accruing from day to day on a straight-line basis. An example based on a current rate of interest of 12 1/2 per cent. will suffice to illustrate the issue.

Accountancy

However, Lord Justice Stamp was the dissenter. He arrived at a contrary result through five propositions. 1—Profits of a business must be determined according to the principles of accounting, subject only to any overriding principle of law or some provision of an Act of Parliament.

Prostitution

All this is commonplace. Cash basis accounting is so unretained and archaic a system that almost the only professions still adhering to it are the Bar and that even more ancient profession of prostitution.

ANGLIA

- 12.05 a.m. Close: Rosemary Simon's review extracts from 'Love Reaches Out' by Ulrich Schaefer
All IBA Regions as London except at the following times:
12.30 a.m. Kitchen Garden, 1.25 Anglia
12.30 a.m. Kitchen Garden, 1.25 Anglia
12.30 a.m. Kitchen Garden, 1.25 Anglia

ATV MIDLANDS

- 12.30 a.m. David Nye's World, 1.20
ATV Newsround, 1.25 Midday News, 1.25
ATV Today, 1.25 Lorry Gravel, 6.30
ATV Today, 1.25 Lorry Gravel, 6.30
ATV Today, 1.25 Lorry Gravel, 6.30

BORDER

- 12.30 a.m. Kitchen Garden, 1.25
12.30 a.m. Kitchen Garden, 1.25
12.30 a.m. Kitchen Garden, 1.25

CHANNEL

- 12.30 a.m. Kitchen Garden, 1.25
12.30 a.m. Kitchen Garden, 1.25
12.30 a.m. Kitchen Garden, 1.25

Great Welsh moments

BY PETER ROBERTS

WALE TOOK the Triple Crown. This score was worthy of an exciting and fluctuating match, but far from being in a close defence and movement, Madock's worthily counterattacked three strokes against helped by Edwards' well-put-in. The Welsh pack more securely anchored, catching or grinding accurately. Wales could of their peel and rather cumbersome substitute. Quinell's the mauls is essential, he stopped the game early. Wales had to get back row forwards and Burgess. It's well, for around it Edwards had one of it tattered days when he to be going through it He never attacked back row. But his off, good enough and Ben than compensated with variety of tactics. When Scotland kept the pace and skill conceded ground. Despite the solidity of Carmichael and McLauchlan Wales still managed to push and wheel. Scotland's re-organised pack staidly but not very notably at the line-out where MacDonald's inaccurate passing conceded ground. Despite the solidity of Carmichael and McLauchlan Wales still managed to push and wheel. Scotland's re-organised pack staidly but not very notably at the line-out where MacDonald's inaccurate passing conceded ground. Despite the solidity of Carmichael and McLauchlan Wales still managed to push and wheel.

Le Grand Panjandrum

THE LITTLE "Great Panjandrum" of France's new-style rugby threw off its often uninspiring efficiency against the Irish on Saturday to display briefly into a colourful display of running and handling. The reward was not only the home side but a grand slam for only the second time for France. In a three-minute spell, six minutes into the second half, France went from trailing by three points to six to leading by 12 points to six. They later added another three penalty points, to bring comfortably against a game, rhythm. Behind a hard and bruising forward battle that never quite got out of hand. Fouroux was playing a great captain's game, but had more difficulty with his defensive brief—remarkably they have used only 15 players throughout the championship and stand off, although his knee-kick was still excellent, was not truly on song. Ireland were doing well in the line, mainly through Duggan, who must now have earned the name of "The Great". Although his Lions scrum Robbie had to be replaced by McGrath after six minutes because of an ankle injury, all the Irish side were showing great fire in the line, despite leading penalties from Giff Quinell to one by Rom time, the creative came from France. Both back row, we but the Irish look better than Keane's in the front row, where borde was outstanding lost four tight heads succession midway in second half, signalling upset somewhere. The French three however, are rather grey, and it will be seen how this grand forward battle that never quite got out of hand. Fouroux was playing a great captain's game, but had more difficulty with his defensive brief—remarkably they have used only 15 players throughout the championship and stand off, although his knee-kick was still excellent, was not truly on song. Ireland were doing well in the line, mainly through Duggan, who must now have earned the name of "The Great". Although his Lions scrum Robbie had to be replaced by McGrath after six minutes because of an ankle injury, all the Irish side were

Leeds show their organisational

THE F.A. CUP was not the Great Leveller in Saturday's quarter-finals which provided home wins for Everton, Liverpool, and Manchester United, against lower-placed sides, and an away win for Leeds against Wolves. So today's semi-final draw must produce one all-Englandshire tie, and one Battle of the Roses, either pairing the two Liverpool clubs, or permitting the prospects of their meeting in a Red v. Blues final. Liverpool are chasing a treble. They head Division 1 by a point (though having squandered a games-in-hand advantage) and on Wednesday they qualified for the European Cup semi-finals by beating St. Etienne. Everton, having sacked a manager in mid-season, are still also in the final of the Football League Cup. Manchester United and Leeds, both enjoying a run of fine results after earlier inconsistency, are hungry for new successes; indeed, accepting their lack of popularity throughout the style they adopted when managed by Sir Don Revie, Leeds may argue that success has not changed them over the last decade or so. At 10-15 you find there are a lot of them about! Leeds's win over Wolves at Molineux was extremely comfortable. Wolves thrashed about for the first half hour, making nearly all the running, but never once managing any sort of shot inside the Leeds penalty area. After 31 minutes Leeds snatched a classic goal. Clarke pushed the ball to the left touch-line, Hampton, now the resident left-back, made ground and released the ball perfectly for Eddie Gray, who had been involved in the leading up of the scrum, to crown his anticipation with a sweet header well clear of Pierce. "Now match that," said the strutting of Leeds. And Wolves, despite, or because of, their frantic, could not do anything to do with the organisation. Leeds had it. Wolves had not. Wolves would keep waiting high balls down the middle, which merely gave the mighty McQueen the chance to show that although he was not virtuous in judgment (push) he was a virtuoso when it came to putting away the ball. Wolves failed to provide colleagues in possession with sufficient passing options. It was a gift of more than one goal—more than one—but that was Wolves' busiest mobile player. If a shows his commitment would not have been with so much res under pressure. Strong wing play if features in a great side—the post-war era. It talented striker, is to to-goal performer—be given balls to run o Wolves seem to have about wing play. I unappreciatingly put into, Richards, involved in a able aerial battle, little to chase. Despite the deep Bremner, Hunter, an Leeds have not been lovable, but they are a professional (which is a euphemism for do anything but play). They get a lot of referees, preventing taking quick, free whistle draw near. Clarke, neutralising hopes of a final rally the ball while the sea away.

Nice one, Oxford—and sponsors

NICE ONE, Oxford: nice one. Sponsors. For an event which its nature is open to only two competitors, the Boat Race continues to display an epic durability. Saturday's race, the 123rd, was no great classic—the tide and weather settled that—but as Oxford powered into the earliest possible lead, the celebrants aboard the Ladbrokes' hospitable boat were able to reflect that for £20,000-worth of sponsorship, they had successfully associated themselves with an event of heroic fascination. Oxford came to the race with all possible advantages. Mason (Oxford's president), Wiggins and the super-heavyweight Crispin Money-Coutts were Blues for the fourth man in the engine room. Oxford were able to call on Al Shealy, the American Olympic oarsman, as an anchorman for all possible advantages. Mason (Oxford's president), Wiggins and the super-heavyweight Crispin Money-Coutts were Blues for the fourth man in the engine room. Oxford were able to call on Al Shealy, the American Olympic oarsman, as an anchorman for all possible advantages.

Our Edition in top class

OUR Edition can be few better three-mile courses in training now than the Stan Mallor-trained Our Edition, judged by the way in which this 10-year-old toyer with his opponents under top weight in Saturday's Double Star Chase at Lingfield. Our Edition, who failed to complete the course three times last season, now seems to have his jumping problems ironed out. Sent into the lead early on on Saturday, Our Edition never appeared likely to be caught, and his closest pursuer, that high-class handicapper, King Flame, was under pressure and getting on nervously in pursuit (fully half a mile from home). Steve Jobar, who rode Our Edition, was in the lead early on on Saturday, Our Edition never appeared likely to be caught, and his closest pursuer, that high-class handicapper, King Flame, was under pressure and getting on nervously in pursuit (fully half a mile from home). 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Muti's Prokofiev

by MAX LOPPERT

The Alexander Nensky Cantata more fervent than this. The Sinfonietta is an early work, written in 1939, before the influence of the New Philharmonia Orchestra and Chorus last night. Her performance was one of the great confidence in the conductor as a natural Prokofiev interpreter. The Cantata was movements pass pleasantly by, a reading at once rough and fussy, with flabby, vacillating phrasing or else splintered and splintered for weight, mass and inexcusable.

There was little glory in the orchestra (strings skating). The Entertainment Guide is on Page 30. It is not in the icy manner of them, along their parts; inaccuracy, brass; the kind of uncertainty, the kind of an accusing finger at the conductor's control; or chorus of id of tone, the altos Stravinsky's master Rimsky-dally flavourless). There glory in Irina Arkhipova's of the lament, a moment which we recalled the true, al, demotic but also distinct, colourful, of Alexander in the concert hall, and rmanes more assured and

Pancras Church

C. P. E. Bach

by NICHOLAS KENYON

slightly thinner Camden and inflated emotion, pointed val than some we have en- in the past opened on day night with a choral con- by the Collegium Musicum ndon under Lasso Hellay. sh the work was taken, and rge church of St. Pancras, respectably full, which ow valuable the Festival's ella still is to events which otherwise pass unnoticed he margins of London's a life. Bach's oratorio stekung und Himmelfahrt (The Resurrection and sion of Jesus) was receiv- was probably its first e performance in this y; the BBC broadcast a rental recording of the unavailable here, a ck of years ago, and back fides Sir Anthony Lewis ted substantial extracts the work; but no other mances have been un- d. Now a new edition of atorio has been prepared r. Helty's compatriot Darvas, and a vocal score through Eulenberg, ight to stimulate more a more enjoyable- rely great—work. Looking at the score, he appeared to stand firmly n the baroque grandeur andel and the classical e of Haydn and Mozart, ing both massive choruses old tradition and rococo antipating the newer. But in performance, the weep of Bach's conception Resurrection story, as the moments of banality

Covent Garden Proms

will be a sixth season opera and four of ballet. It will be sponsored by Midland Bank. As in previous seasons, the stalls will be cleared of seats, and 700 tickets for this area will be available one hour before curtain up at only 50p. The Royal Opera will present two performances of Tosca, and one each of Peter Grimes and Gounod's Faust. The Royal Ballet will present Frederick Ashton's La Fille mal gardée, John Cranko's The Tempest of the Shrovetide and triple-bill programmes.

Notice of Redemption

Copenhagen Telephone Company, Inc.

(Kjobenhavns Telefon Aktieselskab)

9% Sinking Fund Dollar Debentures Due 1985

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of April 15, 1970 in which the above described Debentures were issued. Citibank, N.A. (formerly First National City Bank), as Trustee, has drawn by lot, for redemption on April 15, 1977, through the operation of the sinking fund provided for in said Indenture, \$700,000 principal amount of Debentures of the said issue of the following distinctive numbers:

Coupon	Debenture No.	Principal Amount Outstanding
1	590 1109 1748 2170 2743 3386 3997 4626 5418 5893 6495 7097 7699 8301 8903 9505 10107 10709 11311 11913 12515 13117 13719 14321 14923 15525 16127 16729 17331 17933 18535 19137 19739 20341 20943 21545 22147 22749 23351 23953 24555 25157 25759 26361 26963 27565 28167 28769 29371 29973 30575 31177 31779 32381 32983 33585 34187 34789 35391 35993 36595 37197 37799 38401 39003 39605 40207 40809 41411 42013 42615 43217 43819 44421 45023 45625 46227 46829 47431 48033 48635 49237 49839 50441 51043 51645 52247 52849 53451 54053 54655 55257 55859 56461 57063 57665 58267 58869 59471 60073 60675 61277 61879 62481 63083 63685 64287 64889 65491 66093 66695 67297 67899 68501 69103 69705 70307 70909 71511 72113 72715 73317 73919 74521 75123 75725 76327 76929 77531 78133 78735 79337 79939 80541 81143 81745 82347 82949 83551 84153 84755 85357 85959 86561 87163 87765 88367 88969 89571 90173 90775 91377 91979 92581 93183 93785 94387 94989 95591 96193 96795 97397 97999 98601 99203 99805 100407 101009 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OVERSEAS NEWS

WORLD TRADE NEWS

Chilean foreign investment decree

By Robert Lindley
BUENOS AIRES, March 20. THE CHILEAN military junta led by Gen. Augusto Pinochet has published a new decree...

PLO leadership given free hand on going to Geneva

BY ROBERT GRAHAM
CAIRO, March 20. THE PALESTINE National Council to-day approved a 15-point political declaration that gives the PLO leadership a free hand to decide on whether or not to attend a reconvened Geneva peace conference...

Troubled Cuba waits for the U.S. carrier

BY ROBERT DEL QUARO
MANAGERS of companies in trading partner, Japan, has been hardest hit and is under the strongest pressure from Havana for an accommodation...

Table with 4 columns: Country, 1973 (\$m, feb), 1974, 1975. Lists Japan, Canada, Spain, West Germany, France, Italy, Britain.

Independence for Djibouti fixed for June

By Robert Mauthner
PARIS, March 20. THE FRENCH Red Sea Territory of the Afars and the Issas (Djibouti) is due to become independent on June 27...

Invaders fall back, says Mobutu

KINSHASA, March 20. Tshombe's abortive secession bid "led (from Kasaji) in panic leaving behind them important losses in men and material..."

Ship talks in Paris this week

By John Wyles, Shipping Correspondent
THE EEC's attempt to reach an accommodation with Japan over respective shares of the world shipbuilding market will be discussed in Paris this week...

No copper shortage threat

By Paul Cheswright
CONCERN ABOUT the possible threat to mineral supplies from the Shaba area helped to provoke a 233 a tonne rise in the London Exchange price for cash copper wirebars last week...

EMI and Hitachi in battle over scanners

By Charles Smith
TOKYO, March 20. THE end of this year Hitachi's scanners are based on its own designs and technology not on licences obtained from western manufacturers...

Aegean tension

Tension between Greece and Turkey mounted again today, the time over yet another series of Turkish manoeuvres in the Aegean which Greece considers an abuse of Turkish rights...

Dr. Castro to visit Zambia

By Our Own Correspondent
LUSAKA, March 20. DR. FIDEL CASTRO, whose policy in the Angolan civil war has earned him harsh criticism here, is expected in Lusaka this week for a three-day visit...

Dull outlook for Swedish paper

By John Walker
STOCKHOLM, March 20. UNCERTAIN prospects for 1977 EEC ceilings, continued Government policy of encouraging production for inventories and continued capital investment for pulp control are some of the main points outlined in the annual Swedish Pulp and Paper Association report...

Bonn reviews atomic energy needs

By Nicholas Colchester
BONN, March 20. THE BONN government this week presents its revised estimates of how much atomic generating capacity West Germany will need by 1985. This follows savage clashes on Saturday between police and radical groups on the site of an atomic power station at Grohnde in Lower Saxony...

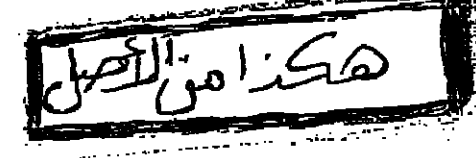
Dutch textile restructuring outlined

By Michael Van Os
THE DUTCH Economics Minister has announced in the Hague that there will be a new urgent restructuring study for the troubled domestic cotton, rayon and linen (CRL) industry. The idea is similar to the recently announced proposals for the Dutch shipbuilding sector...

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Table with 4 columns: Country, Feb 77, Jan 77, Dec 76. Lists U.K., U.S., Holland, France, Belgium, Italy, Japan.

Vertical text on the right edge of the page, including 'Price', 'amm', 'Cham', 'propo', 'World policy', 'South review', 'MEMBER O', 'EXCHANGE'.



Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHÖETERS

SAFETY

Markers easy to see in bad weather

ONE PROBLEM in night driving is that lane markings can become almost completely invisible in certain conditions, especially if they are covered by a thin water film in rainy weather. This mirror effect whereby the beams from the headlights are reflected away from the driver's line of vision has proved hard to overcome otherwise than by installing banks of new and expensive roadside lamp standards.

A new type of road marker line has been developed and extensively tested in the Netherlands. It largely overcomes this mirror effect as has been shown by experiments with trial sections on a number of Dutch motorways.

The solid synthetic resin strip has a smooth section with corrugated ribbing mounted on the flat section at specific intervals. Rainwater is channelled off the ridges towards the road surface so that water does not collect on the marker lines while there is a high degree of retro-reflection. Another effect of the ribbing is that should the car swerve, the motorist will hear the change of sound as the tyres run along the ridges.

There is no problem in laying the material of the lines: a simple attachment has been devised which is easy to fit to most line marker machines. Where noise controls are particularly stringent, a different type of ribbing can be used which, while still providing an acoustic signal, gives it at a much lower level so that the neighbourhood is not disturbed.

Patents have been taken out in major European countries as well as North America. The plastics material used has been developed specifically for extreme toughness and wear-resistance so that the marker strips will have a very long life.

The company which controls the patents is also interested in granting manufacturing licences. More from Fabra Holding BV, Leen Copes van-Cattenburgh 98, The Hague, Holland.

COMPONENTS

Shafts take the strain

KNOWN mainly for its activities in paper making machinery, Voith has developed a multi-directional shaft for use in turbine engineering.

The company has also developed a testing process in which the shaft is oscillated at 181K and from which, after about 2m. reversals, it can be concluded (if no failure occurs) that the shaft will have an almost indefinite life.

So far as the user is concerned, the work means that a much better match can be made of shaft to application: the result will generally be a smaller shaft than would otherwise have been chosen with consequent space saving in the machinery. An initial cost saving of up to 30 per cent, and an increased lifetime into the bargain.

The shafts are in production at Voith Transmissi GmbH in the Ruhr and are available in the U.K. from Voith Engineering, Thornton Heath, Surrey CR4 7JG (01 899 0741) and from Universal Drive Shafts of Litchfield.

HANDLING

Crane or loader

PREVIOUSLY MADE in Denmark, two versions of the Lyka hydraulic crane are now being built in the U.K., with maximum lifts of 3½ and 4½ tons.

They can be used as post cranes or can be fitted to trucks as lorry loaders. A variety of attachments is available, including timber, brick and scrap grabs.

The smaller version can lift over a ton at 17 feet radius, weighs less than a ton itself, occupies 2½ inch square of load space on a truck, and can reach 21 feet. The larger crane lifts a ton at 23 feet, weighs under 1½ tons, needs a 24 inch square, and stretches to 28 feet. The lift hook can be retracted to within a foot of the crane post.

Hydraulic power (up to 3,000 psi) is normally from a combined power-take-off and pump fitted to the vehicle's gearbox. A small diesel pack is available where power independent of the vehicle's engine is required.

The power-take-off is 410 deg. on the smaller crane, and 375 deg. on the larger. The four-lever control is duplicated so that the crane can be operated from either side of the truck.

More from Lyka Cranes, 382, Blackpool Road, Preston, Lancs. PR1 1LX (0773 72927).

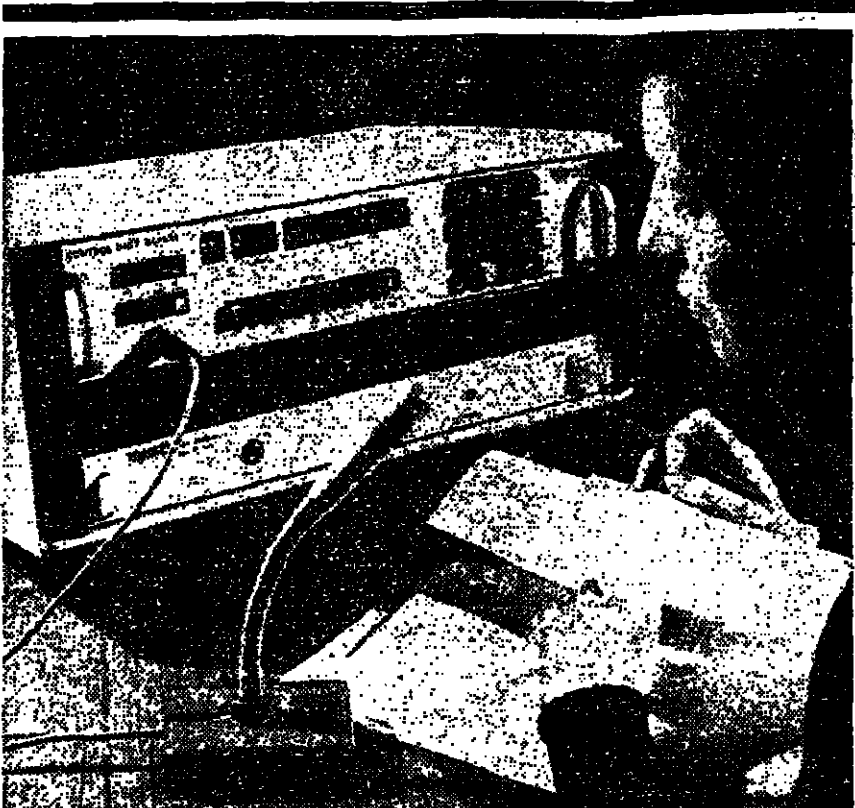
MATERIALS

Magnesia project

IRELAND'S BIGGEST industrial company is seeking planning permission for the establishment of a 100,000 tons per year seawater magnesia plant to replace the old cement works at Drogheda, Co. Meath, which is due to close this year when the Plantement

Bringing more thoroughness to bear, Voith has developed a computer program enabling shafts of varying sizes to be assessed at the planning stage to determine load capacity under drive conditions.

One outcome has been the evident advantages of the design, which uses a solid one-piece bearing yoke plus welded pin and flange carrier. The plasma arc welding process used together with careful alignment of the parts have, it is claimed, over-



DATA PROCESSING

Big memory from Intel

LARGEST electrically programmable read-only memory (EPROM) to be made commercially available to date, the 2716, has been announced by Intel. Its capacity is 16,384 bits—twice the previous device.

Unlike earlier EPROMs which needed three different supply voltages, the 2716 requires only a single five volt rail. Compared with the eight kilobit memory it is four times as dense, consumes 20 per cent. less power (600 mW) and has about the same speed (450 nanoseconds). But as a result of superior techniques in manufacture—for example passive oxide isolation—the chipsize is only 17 per cent greater.

In addition, the 2716 is electrically and physically compatible with the company's 27165 mask-programmed read-only memory (ROM). Thus, once system operation has been proved with the 2716, the ROMs can be programmed and plugged directly into the same socket for production systems.

Intel is able to register one of the most rapid five-year growth records yet seen in the electronics industry. It can now hardly fail to be recognised as a leading technological innovator and has placed constant emphasis on production ability. A back up of the new designs, from a figure of \$9m. only three years after the company started, turnover for 1976 reached \$225m. More from 4, Between Towns Road, Cowley, Oxford OX4 2NB (0865 771431).

INSTRUMENTS

Lithograph aids in electronic

DIRECT reading, exposure measurement, instrument control instrumentation marketed in the U.K. by Image Technology (Engineering) Ltd., of the E Group, developed in the U.K. to meet the requirements of photolithography and polymer exposure, the photometers give direct, from continuous light and from pulsating light.

The range of instruments includes portable and channel sets as well as digital monitoring and control systems. A range of sensors are available spectral range 330 to 8 metres, making them ideal for measuring tanning UV-sensitive and photostores of high-resolution emitting which are widely used in production of electronic components.

In addition to the photo range of UV-light power supplies and detectors which are designed for use with semiconductor devices employed for many other applications.

The company is at Industrial Estate, Derby DE5 4UB. 0773 629222.

COMMUNICATIONS

Receiver makes its mark

LATEST addition to Racal's communications receiver range has won international orders worth £1.5m. within a few weeks of its introduction.

The new programmable synthesised communications receiver, the RA 1778, has been ordered by customers in seven countries in Europe and the Middle East. A substantial U.K. order has also been received from the Ministry of Defence (PE) for use by the Royal Air Force.

RA 1778 is a tuneable receiver with a built-in memory facility which may be programmed with up to twelve frequencies for rapid channel changes. These frequencies may be re-programmed from the front panel at any time. In addition to the programming facility, the receiver may be tuned across the frequency range 15KHz to 30MHz by a three speed single knob tuning control.

Racal Communications Systems, Western Road, Bracknell, Berks. RG12 1RG.

Redac move

in Europe

ELESUD, in Frosinone, Italy, has been appointed as agent for Racal-Redac's computerised design systems.

The installation of the Redac mini PC design system at ELESUD is the final stage in providing a full circuit board design and manufacturing service for Italy's electronics industry.

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- FRECKLES & LOCKUP
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- BOTTLES & WALLOP
- SICKLES & BILLHOOK
- PICKLES & HADDOCK
- SHACKLES & WEDLOCK
- PINCHUM & FEETUP
- BUCKLES & CASSOCK
- ALOES & HEMLOCK
- TICKLES & FROLICS
- STAPLES & PACKUP
- HAMMERS & FLINTLOCK
- BAFFLES & PADLOCK
- COCKLES & HICKUP
- ELBOWS & LEGLOCK

- SAWBONES & TOPOFF
- RAFFLES & SHERLOCK
- RATTLES & HOPSCOTCH
- PADDLES & ROLLOCK
- KETTLES & TEACUP
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- POCCLES & ALLCOCK
- ANKLES & FORELOCK
- RECKLESS & SPOTLESS
- BEDSIT & HAMMOCK
- PUDDLES & DEWDROP
- CHUCKLES & BELTUP
- SACKLES & FLOORCLOTH
- BIGGLES & WINDSOCK
- TANKERS & POTHOOK
- GRAPPLES & STARTUP

- STICKLES & LOGBOOK
- MUSCLES & PRESSUP
- SHEKELS & SHYLOCK
- SCALPELS & JAWLOCK
- BADGER & ROEBUCK
- CLIPPING & SCRAPBOOK
- STIPPLES & CARROT
- ADDLED & POPPYCOCK
- TRUCKLES & PAYBOOK
- BABBLES & PARROT
- FAGGOTS & COOKPOT
- SCRIBBLES & WARLOCK
- HANDCUFFS & LOCKUP
- SCRABBLES & HANDBOOK
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- HACKLES & FETLOCK

We're the first 50 names you think of in tube.

Officially, we're TI Accles & Pollock. Our speciality is tubular products. Has been for 77 years.

They are used in cars, buses, nuclear power stations, golf clubs, process plant, coffee percolators, dairy equipment and aircraft.

That's only a small selection. But it gives you some idea of our versatility. And of our ability to produce in vast quantities.

In short, we have the resources, the technology, and above all, the expertise to answer virtually any problem you care to put to us.

All of which means that you should call us first for tubular products.

After all, that's how we made our names.

To: Alan Garner, TI Accles & Pollock Ltd, Oldbury, Warley, West Midlands, B69 2DR.

I would like more information on your:

Cold drawn tube Stainless fittings

Tubular components Precision stainless tube

and fabrications Finned tube

Tube manipulations Tubular sporting goods

Name _____

Position _____

Company _____

Address _____

FT21/3

TI ACCLES & POLLOCK

a TI Steel Tube Division Company

Doing a great deal with tube.

TI Accles & Pollock Ltd, Oldbury, Warley, West Midlands, B69 2DR. Tel: 021-552 1500. Telex: 336141.

Bristol-Myers International Finance Company has made available to its holders, the balance sheet of the Company at December 31, 1976, and the statement of income and retained earnings and capital surplus for the year then ended. Copies may be obtained upon request to the Company.

BRISTOL-MYERS INTERNATIONAL FINANCE COMPANY

345 Park Avenue
New York, New York 10022

Richard T. Kent,
Treasurer

ABN
Algemene Bank Nederland N.V.
AMSTERDAM

Dfls. 75,000,000.—
6¼% Bearer Notes 1973 due 1977/1978

As provided in the Terms and Conditions of Redemption Group No. 4, amounting to Dfls. 18,750,000.—, has been drawn for redemption on May 1, 1977 and consequently the Note which bears number 4 and all Notes bearing a number which is 4 or a multiple of 4, are payable as from

May 1, 1977
at
Algemene Bank Nederland N.V.
in Amsterdam;
Algemene Bank Nederland (Genève) S.A.
in Geneva;
Algemene Bank Nederland in der Schweiz AG
in Zurich;
Kreditbank S.A. Luxembourggoise
in Luxembourg.

March 10, 1977

SOCIALIST REPUBLIC OF THE UNION OF BURMA

MINISTRY OF MINES
NO 2 MINING CORPORATION
TIN-TUNGSTEN EXPANSION PROJECT

The above project will be implemented by the No. 2 Mining Corporation over the next thirty-six months.

The project comprises of the construction of a 0.35 cubic metre bucket dredge, the construction of a centralised concentrator to process the Corporation's current and envisaged tin-tungsten production and the establishment of a gravel pump mining unit and renovation of hydraulic supply pipelines.

In due course Tenders will be called for:

- The construction of the dredge and the supply of all necessary equipment;
- The supply of tugs and other water craft;
- The supply of a wide variety of mineral dressing equipment including gravity magnetic and electrostatic equipment;
- The supply of steel and other hardware necessary to construct the proposed plant;
- The supply of various items of motor transport and earth-moving equipment;
- Power generator equipment;
- Electric motors, cables and switchgear.

Any organisation who is interested in receiving invitations to bid for the construction of the dredge or the supply of any of the components should write to the address given below requesting that they be placed on the mailing list for bid invitations.

The project is to be financed in part by a credit from the International Development Association.

Managing Director,
No. 2 Mining Corporation,
Rangoon, Burma.

PLANT & MACHINERY SALES

Description	Price	Tel
140 K.W. LIFT OFF BELL TYPE BRIGHT ANNEALING FURNACE (1967) Complete with four hearths and ex-thermic generator.	P.O.A.	0902 421 Telex
SIX BLOCK NON SLIP VARIABLE SPEED WIRE DRAWING PLANT by Marshall Richards. 22 blocks 300-1000 ft. per min. 25 H.P. per block.	P.O.A.	0902 423 Telex
MODERN USED ROLLING MILLS, wire rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.	P.O.A.	0902 425 Telex
1974 FULLY AUTOMATED COLD SAW by Noble & Load with batch control for cutting non-ferrous bar. Max capacity 5" round and square.	P.O.A.	0902 425 Telex
1968 DECOLL. FLATTEN, cut-to-length and sheet stacking line by Brown, max capacity 48" wide x 10' swg x 12 ton coil.	P.O.A.	0902 425 Telex
50 HP HORIZONTAL BULL BLOCK 600 mm diameter drawblock.	P.O.A.	0902 425 Telex
1970 CUT-TO-LENGTH LINE max capacity 1000 mm 2 mm x 7-tonne coil fully overhauled and in excellent condition.	P.O.A.	0902 425 Telex
1965 TREBLE DRAFT GRAVITY WIRE DRAWING machine by Farmer Norton 27" x 27" 31" diameter drawblocks.	P.O.A.	0902 425 Telex
STRIP FLATTEN AND CUT-TO-LENGTH LINE by A.M. Max Capacity 750 mm x 3mm.	P.O.A.	0902 425 Telex
1693 HYDRAULIC SCRAP Baling Press capacity of minimum 85 tons.	P.O.A.	0902 425 Telex
THREE DRIVEN DIE SUPERFINE WIRE DRAWING MACHINES by Marshall Richards.	P.O.A.	0902 425 Telex
COLD FORMING BOLT MANUFACTURING MACHINERY currently in production.	P.O.A.	0977
WEGHBRIDGE, AVERY, 40-ton capacity 32 ft. x 9 ft. platform. Dial indication, reconditioned and guaranteed.	P.O.A.	01-743 Ex 21

WANTED

MODERN USED ROLLING MILLS, wire rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.

0902 425 Telex

PLANT AND MACHINERY SALES/WANTED APPEARS EVERY MON

For Advertising rates etc. contact: FRANKS PHILLIPS, FINANCIAL TIMES, 10, CANON STREET, EC4A 3DF. TEL. 01-244 8000, EXT. 454.

RESTAURANTS

Somewhere Different for Lunch?

Where to take that important client—a difficult problem. The newly refurbished Manchurian Restaurant is guaranteed to catch the right impression. Come and sample London's finest Chinese cuisine, served by our expert team, in a luxurious surroundings.

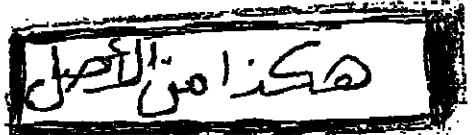
For an evening appointment, the Manchurian creates the right atmosphere for undisturbed conversation. The tables are strategically positioned so that other diners will not disturb you and they need not be seated at the speed of your response. We also have facilities for private parties, functions and, if you require it, our Rolls Royce limousine is at your service for a small charge.

THE MANCHURIAN—DEDICATED TO YOUR SERVICE

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and 8 p.m. to 11 p.m.

Sunday
noon to 3.30 p.m.
and 8 p.m. to 11.30 p.m.



Case that needs serious answer

ANTHONY HARRIS

WHEN LEACOCK once wrote as £2bn. on top of the £1bn. in which an enthusiast or more needed to compensate for his horse and rode for the past 10 years, or in all directions and latest outburst from the Cambridge Economic Policy Review, a body already regarded as a hostile suspicion by most economists, gives at first sight the impression of a body of the same fringe opinion to attack present policies. The Internal Monetary Fund, free market, monetarist school of economics, the planning of public expenditure and even the London Market in the space of a few paragraphs, and only a few paragraphs, in attacking on so many at once.

The review is overlooked on account, it will be more a pity; for some of the arguments are both sound and generally mis-stated.

It is unconventional to conclude from an unconventional approach to the whole of policy analysis, so many of the criticisms made now have been directed to wrong address; and their is impressive enough to claim a claim to be taken seriously.

The second is, in fact, the present review, and some apparently large forecasting are led through forecasting for and now five years ahead (and to risk sizeable error), and a reminder of the often Cambridge has been effective: early warning of the beginning of 1972, the gave a warning of an acute dilemma "the balance of payments end of a year of record (s), and argued that unless worth of public expenditure ought to a stop, there was of an enormous deficit collapse of sterling.

ear later the group said the Heath dash for growth would balance of payments "rising to absurd proportions" and called for cuts in spending; and in January, came a warning that pav-lds might cause inflation over 20 per cent—a reached a year later. At first sight odd that a with an apparently acerbic tongue, it simply draws demand can be driven to such policies as a rise-ble sector investment tax cut of as much

	Average earnings after tax £ as at 1975	Unemployment thousands	Increase in consumer prices % per year	Income from property and self-employment £bn. as at 1975	Total fixed investment £bn. as at 1975
1976	40.81	1,274	—	22.4	19.6
1981					
Conventional policies	46.87	1,563	11.2	31.7	22.7
Devaluation	46.27	1,445	12.7	34.0	24.8
Restriction of imports	47.37	1,200	11.2	34.2	25.2
1985					
Conventional policies	52.38	1,939	9.8	34.0	25.7
Devaluation	52.97	851	13.7	51.0	34.9
Restriction of imports	53.88	800	8.5	42.7	33.3

again widespread misunderstanding. The Cambridge starting point is that we are stuck in a deep recession which will persist if we stick to "conventional" policies. This means that any regime of devaluation or import controls is primarily intended to promote growth, not to improve the balance of payments.

This assumption of spare capacity means that many of the objections usually raised are irrelevant. The "welfare cost" of controls which distort trade might be much less than the gain in output. The supposed "beggar-my-neighbour" aspect disappears if the alternative is an effective devaluation, or if it can be shown that British demand for imports would be higher with high growth, whether secured by controls or devaluation, than with low growth and no intervention.

The Cambridge analysis really looks at the choice between devaluation and restrictions on imports of manufactures. It admits that devaluation would lead in the long run to higher output, higher investment and higher growth than import controls; but it argues that the cost, in terms of inflationary pressures, would be more than we would be willing to pay. In other words, an attempt to devalue beyond the point needed to offset inflation would simply set off a wage explosion. Experience gives this argument a deadly plausibility; and if full employment unattainable without it, the Cambridge case deserves a more serious answer than it has yet received.

Economic Policy Review, Department of Applied Economics, Sidgwick Avenue, Cambridge, £3.

Liberals may still aid Callaghan

BY RUPERT CORNWELL

FOR A PARTY which has always complained that the electoral system denies them a fair say at Westminster, the Liberals are not doing too badly.

As Mr. Callaghan desperately casts round for the outside support he needs to survive Wednesday's vote of confidence, an alliance with the 13 Liberal MPs offers the most reliable prospect of long-term security, to the extent, of course, that such a phrase has any meaning these days in Parliament.

From the Liberals' own view such a deal seems to make better sense than any of the alternatives. Liberal policies have a chance of being implemented only if the party is in coalition, formal or informal, and in the broadest terms, it would undoubtedly habit more readily with Labour (from whose moderate wing their views are often indistinguishable) than with the Conservatives.

General Election now, the conventional wisdom runs, would be a disaster, and destroy what credibility the party has painstakingly regained after the Thorpe downfall and the unpleasant antics of the leadership battle that followed it.

Yet there is David Steel, barely eight months in the job of leader, progressively upping the price of his support to a level that no Labour Government haunted by the spectre of Ramsay MacDonald could contemplate paying.

If the Government did not change the whole course of its policy for its remaining period in office, the Liberals would vote tactlessly.

Ever since that defeat on February 22 Mr. Steel has been making friendly noises in Labour's direction, exhorting Mrs. Thatcher as an ambitious demon who puts divisive self-interest above the national good. Yet Mr. Callaghan, it appears, did not seize the opportunity of the post-devolution bilateral talks with Mr. Steel to take soundings. More recently Mr. Cyril Smith, who had sought a chat with the Prime Minister, was told to go and see the chairman of the Parliamentary Labour Party, Mr. Cledwyn Hughes.

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Normal enough treatment, it might be thought, for a man who ranks only No. 4 in the Liberal pecking order, but an assumed slight that rubbed deep. Mr. Steel therefore has been obliged to make the Government pay more now for what might have been had more cheaply and quietly a little while ago.

He is cashing in on the attention he is suddenly getting. Liberal policies will have a better public airing in these three days than they might normally receive in three years.

The present crisis offers an answer to that deepest of Liberal difficulties, getting a clear idea of what the party stands for, across to the general public.

In purely electoral terms, the party's position is perhaps less disastrous than often asserted. True, eight of its 13 MPs have majorities of less than 3,000.

Mr. Alan Beth, its Chief Whip, will defend Berwick, which he won by only 73 votes in October 1974. Mr. Russell Johnston's majority at Inverness, where he will be fiercely challenged by the Scottish Nationalists, is 1,134.

Traditional strength in the Celtic fringes might prove a weakness in these days of re-

But Liberal MPs, by dint of their fewness, are disproportionately well-know, and a seat won, often against the odds, is not lightly surrendered.

Mr. Steel is beginning to make his mark nationally, and the party's 13 per cent. in the latest Gallup poll is an improvement from the dark days of last year. As David Butler points out the Liberals almost always do better in the final vote than initial campaign polls indicate.

Though the party will certainly not repeat its 1974 performances, when it won 19.3 and 18.3 per cent. of the two elections, the most pessimistic forecasts, that the 13 MPs will become two, are unlikely.

Finally there is the most powerful argument. Is there any reason to suppose that the party will do better in three, six or nine months' time, or whenever the election finally does come? Might it not prove fatal to have entered an alliance with a Government disliked in the country, particularly if its influence on its policies turned out to be scant?

These must be the thoughts running through Mr. Steel's mind, and the reason for his insistence that Mr. Callaghan publicly nail his colours to the coalition mast. It is something that the Prime Minister will fight to the last to avoid, but the alternative might be a Tory Government.

Ulster Unionists, Page 10 Scottish Nationalists and

Down to two?

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Why do so many dream office blocks turn into nightmares?

Increased energy costs. That's the reason so many environmental dreams have turned into hair-raising problems for their owners. That's the reason too why management of energy is more important today than it's ever been. It's vital at the planning stage of any building to relate your energy mix to your capital costs, running costs and the design of the working environment. Only by following these principles can you hope for long-term economy in your running costs. Energy management principles have been proven

by the Electricity Supply Industry in its own buildings. They've tested some interesting new techniques in building design and energy use, the most successful of which are already being applied in both public and private sector buildings. There are facts, figures and case histories for the interested reader, plus a variety of booklets on integrated environmental design. All these are available from your Electricity Board. So why not get in touch with them? Their feet are firmly on the ground.

PLANELECTRIC

The Electricity Council England and Wales

Lord Caldecote to be L & G chairman

Lord Caldecote, chairman of the U.K. planning manager, will be responsible, from April 1, for both planning and marketing services functions under the title of U.K. planning and marketing manager.

Mr. Peter Sprange is joining the tanker broking team of HOWE MATHESON TANKERS from March 24. This is one of the ship broking companies associated with the Jardine Matheson group. Mr. Sprange was previously a tanker broker with H. E. Moss and Co.

Mr. R. K. Knighton has been appointed financial director of the BRITISH REINFORCED CONCRETE ENGINEERING COMPANY, part of the Hall Engineering (Holdings) Group, retaining his post as secretary.

Mr. David Finlay-Macwell, chairman and managing director of John Gladstone and Co., has succeeded Mr. Leslie Bamford as chairman of the FESTIVAL SEARCH COUNCIL. Mr. Finlay-Macwell has just completed a three-year term as chairman of the Wira Council, and has been succeeded in that post by Mr. Roy V. Simon, chairman and managing director of Stroud Riley and Co. and deputy chairman of Stroud Riley Drummond.

BRITISH RAILWAYS BOARD has announced the appointment of Mr. Kenneth Taylor as chief mechanical and electrical engineer at Board headquarters. He succeeds Mr. Graham Calder, who is taking an early retirement to become director, Brush Electrical Machines, from April 24 in place of Mr. F. H. Beasant, who remains a director of that company with special responsibility for export sales.

Mr. S. K. Duff and Mr. A. F. Pearson have been appointed to the Board of DAVID AULD and Sons.

Mr. George H. M. Gibb has been appointed to the Board of CROSS-BUILDING PRODUCTS as financial director.

Mr. Nicholas A. C. Bell has been appointed financial controller at the corporate centre of ITR. He joins them from British Leyland, where since 1975 he has been controller, finance and systems, for S U BUTEC, the component division of Leyland Cars.

Mr. J. H. Whiteley has been appointed deputy managing director of B. S. AND V. WHITELEY in charge of the company's plant at Foot-in-Wharfedale, Yorkshire. His previous responsibility for production has been taken over by Mr. A. C. Missenden as works director.

Mr. W. J. Wilkes, deputy chairman and group managing director of JAMES WILKES, is to become chairman on April 1. Mr. James Wilkes is retiring as chairman at the end of March but will continue as a non-executive consultant director.

Mr. Colin Owen-Browne has been appointed managing director of THE EVENING NEWS. Mr. A. T. W. W. Irwin, assistant managing director, has retired after 40 years at the newspaper, marketing with the Associated Newspaper Group.

Mr. J. H. S. Edmonds has been appointed as a director of Mr. D. Johnson, currently ANTONY GIBBS SAGE.

ABN
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Building and Civil Engineering

£10m. offices award

TROLLOPE AND COLLS (Trafalgar House Group) has been appointed main contractor for a £10m. office and light industrial development on a 1.3-acre site in Charterhouse Street, London, E.C1. It will consist of two reinforced concrete buildings founded on in situ piles and linked at the upper levels across Saffron Hill.

When completed, the Charterhouse Street block will have seven storeys with two basements and the Saffron Hill block five storeys and one basement with a combined gross floor area of 131,947 square feet.

Elevations of the new buildings will be Portland Stone and bronze anodised aluminium cladding. A notable feature will be the outward sloping curtain walls which is designed so that the face of the sun do not reflect and dazzle the occupants of the building opposite.

Architects for this development are Chapman Taylor Partners.

Puts pipes on the line

ALL THE POSITION fixing and data collection work required for the "difficult end" of the 250-mile Far North Liquids and Gas System undersea pipeline is to be carried out by Hunting Surveys under a contract worth £1m. signed with Semac Services BV.

The information is needed for pipe laying, which is a semi-submersible, and its attendant vessel, for the laying of the remaining portion of the line. Continuous position update is provided together with other related data requirements for pipe laying. But the operator is given a very large degree of latitude for ad hoc decisions on site and in a variety of conditions.

Hunting has already carried out an extensive work programme on the pipeline which will carry gas from the Shell-Esso Brent field to St. Fergus. The company carried out position fixing for the inshore section of the line in 1976.

The initial development will include some 5 km. of breakwaters, import berths for coal and oil, and export berths for steel sections. At this stage it is expected that about 5m. tonnes of coal and 3.4m. tonnes of oil will be imported and 5m. tonnes of steel products exported annually.

Designing a port in Brazil

WORK ON the detailed design of a major port at Praia Mole, near Vitoria, Brazil, has been started by the consulting engineers Plana de Brazil, together with RPL Ltd., an associate of the British consulting engineers Rendel, Palmer and Tritton. Construction of the port is expected to be completed in 1979.

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Prevention of flooding

NORWEST CIVIL ENGINEERING, a subsidiary of Norwest Holst, has won a £1.33m. contract to build flooding relief brook culverts at Mordals Brook, Merthyr Tydfil. The contract has been awarded by the Merthyr Tydfil Borough Council and June, 1978, is the estimated completion date.

Another Norwest subsidiary, and all drainage. A pedestrian bridge is to be built across the flats in Liverpool and nearby canal together with approach walkways within a wholly landscaped area.

Architects are Hugh Martin and Partners, quantity surveyors are W. A. Brown and Partners, and consulting engineers Jamieson Mackay and Partners.

£1m. marine berth in Australia

TAYLOR WOODROW International has been awarded a contract valued at about £1m. from the Commonwealth Department of Construction for a marine berthing facility at Stirling naval base, Garden Island, Western Australia.

The work involves a steel-piled jetty of 150 metres, connected to the land by a piled approach trestle 150 metres long. An isolated mooring dolphin is to be constructed with access to it by a steel catwalk.

Clydebank town centre project

ROADS AND car parks associated with the Clydebank Town Centre, currently under construction by Sir Robert McAlpine and Sons, are now also to be built by the company. The additional contract, awarded by Clydebank District Council, is worth £1.7m.

The roadworks will be constructed largely on embankments and will include a road bridge over a main electrified railway

Offices for cider-maker

A START is to be made in April on a £1m. headquarters in Hereford for cider-maker H. P. Bulmer.

The contract is being undertaken by Epley-Tyas and it is expected that the job will be completed in July next year.

Providing 55,000 square feet the two-storey building is to be erected in Plough Lane. It will have a central courtyard with a rock pool and trees.

Architects are The Waters Jamieson Partnership and the quantity surveyor is Francis C. Graves.

£1m. coal plant

BOVIS CIVIL ENGINEERING has won a £1m. contract to design and build a coal crushing and screening plant at Gannock, Staffs.

Awarded by the National Coal Board, the contract calls for the construction of a modern disposal point capable of handling 20,000 tons of coal a week at a peak rate of 500 tons an hour.

The plant will include primary and secondary crushers, screening and sampling equipment, conveyor belts and rail loading storage bunkers.

Bovis has retained Stan Walker (Engineering) Co. of Bristol to assist in the design of the coal handling machinery. Work will begin in mid-April.

Steel fabrication in the Gulf

AS PART of Dubai's industrial development plans, the Ruler of Dubai and vice-president of the United Arab Emirates, Sheikh Rashid Bin Said Al Maktoum has approved the establishment of Cleveland Bridge and Engineering Middle East at Jebel Ali. This will be a joint venture between Cleveland Bridge and Abdul Wahab Galadari, a leading Dubai businessman.

The facility will be fully operational by September. It will incorporate the latest automated steelwork preparation plant and be equipped to handle beams from stockyard to finish painting through an automatic shot blast and paint spray line, followed by a sawing and drilling line. The latter will be fully numerically controlled.

It is stated that a large stock of steel sections and plates will enable purpose-made structures to be supplied in weeks rather than months with delivery independent of shipping delays. It is expected that some 15,000 tonnes of steelwork will be fabricated during the first year of which will represent Stage 1 of the venture.

The company will undertake the design, fabrication and erection of steelwork for residential, commercial and industrial buildings as well as some of the bridge, power station, offshore and other structures.

Variety of jobs in Midlands

WELL OVER £3m. worth of contracts have been won by Wincott Gallford. The largest is worth £2.2m. and is for housing for Milton Keynes Development Corporation.

Other contracts are for motor showrooms and garage at Coventry for W. Brandish and Son (£308,101), factory and offices at Rugby for Duplomatic (£150,314) and an industrial unit at Longford, fabricated during the first year of Coventry for Alliance Property Holdings (£208,054) extensions to Rhoads secondary school for Nantans County Council (£445,561) and a warehouse at Freemans Common, Leicester for the Percy Bliton (£52,336).

Extends of scaffold boards

BUILDING AND civil engineering companies are being helped by the cost of scaffolding boards.

Many boards have been discarded because of splitts it has been found that galvanised nailboard boards their life can be increased.

A hydraulic press to now being used by (U.K.), Field House, 3 ton Road, Dewsbury, Y 420111. The process the boards into transverse and the reekons average has doubled by this treatment service is understood to be at several depots.

Increasing the water supply

TARMAC International has won a contract to boost supply to the town in the United Arab Emirates.

Worth almost £3m, the project involves laying 34 km pipes around the town.

Water will be pumped in the Sharjah, picked up by a 1000 m. pipeline from the existing fresh water.

Materials for the project have been purchased from construction Materials, being carried out by Sultan Bin Mohd. Qasem, Consultant, crow Middle East.

Tall blocks speeded

CUBITTS HAS announced that it can offer a big advance on the present method of slip-forming concrete in the construction of multi-storey buildings.

Last week it showed a technique called Supershifter which is being used for the first time in this country on a 19-storey office block in Victoria Street, London.

The block forms the major part of an £8m. development of offices, shops and flats being built by Holland, Hannen and Cubitts Construction (London) for Macthert. It is scheduled for completion in December.

Supershifter is operated in the U.K. by Cubitts under sole licence from an associated company of Civil and Civic (Pty.), of Australia, which developed the technique. Cubitts is offering the system for use on multi-storey buildings and will use on contracts it is carrying out as main contractor or as a sub-contractor on jobs where the technique's obvious advantages can be fully exploited.

Major advantages of this system which enables both concrete floors and walls to be poured together, are its versatility and labour saving possibilities: Dismantling, handling

Surfacing work at airfields

AMEY ROADSTONE Construction has been awarded two contracts for airfield paving work by the Department of the Environment. Total value is about £2m.

One contract at RAF Fairford, Glos., is for regulating and complete resurfacing of the main runway together with the resurfacing of a substantial section of the taxiway valued at about £1.5m. The contract includes ancillary work on the airfield lighting.

The second job is at RAF Wattisham. Here the work, which will cost about £260,000, includes the overlabbing of an aircraft servicing platform and taxiways and resurfacing of taxiways.

Gas modules built fast

RECORD breaking work has been done by the Howdon yard of William Prys to schedule for loading to day two North Sea gas compression modules laid out on the yard as recently as October, 1976.

The two modules weigh 600 tonnes each and measure 52 by 68 feet and are for the Shell/Esso consortium Leman AK and BK gas production platform. They will be used to boost the gas before it is piped to Bacton.

Work is continuing on similar packages for the Brent, Thistle and Cormorant oilfields, as well as bow mooring systems for

Reservoir for Mears

GRAMPIAN Regional Council has awarded a £320,000 contract to Mears Construction for the construction of Kirkhill Reservoir, Dyce.

The 9,100 cubic metre reservoir and associated pipework is the fourth contract to be undertaken by Mears in the Aberdeen airport area. The contract is scheduled for completion in 65 weeks.

IN BRIEF

- A £100,000 order for structural frames, cladding and doors has been placed with Atcost (Scotland) by Cummins Engine Company.
- Two steel chimneys which will carry cement kiln gases to heights of more than 220 feet in Nigeria are to be supplied to the Anglo Cement Company by Thompson Horsley, the Dudley (West Midlands) unit of Clarke Chapman.
- Robert Watson and Co. (Constructional Engineers) of Bolton, has been awarded a £250,000 contract by ICI Organics Division for the fabrication and erection of the fabric structure and erection of the roof required for new process buildings at Grange-moath.
- Biggs Wall and Co. has been awarded a £380,000 contract by Crawley Borough Council as agent for the Thames Water Authority for the construction of a trunk foul sewer from Garwick to Three Bridges, Crawley.
- Because export orders are booming for JCB hydraulic excavators, J. C. Bamford is having to extend its facilities and plan two new buildings at its development plant near Uttoxeter, Staffs. One will be used for export packing and the other will supply protected metal wall and roof cladding for both the 43 x 21 metre export packing unit and the 40 x 48 metre new parts store.
- Complete flooring services are available in the north of England from the newly formed Phoenix Floor-wood (Durabella) and Phoenix Floors at Bowmaker House, Kingfield Road. The range covers sound insulated designs for flats housing estate.

Seven private total sales value £5m. are being built by William Leech North East of England by Robert Watson and Co. (Constructional Engineers) of Bolton, has been awarded a £350,000 contract to work on a passing store.

The London B Enfield has awarded lift modernisation contract involves the Snails Park Housing Estate.

STEEL STOCKHOLD
Prime and Secondhand Structural Engineering
RAINHAM STEEL COMPANY
Boones Industrial Estate, Down New Road, Rainham, Essex
Tel: Rainham 54034

LEGAL NOTICES

No. 0288 of 1977
In the HIGH COURT OF JUSTICE Chancery Division Companies Court, in the Matter of **LAY CLARE EUROPEAN TRANSPORTATION LIMITED** and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 14th day of March 1977, presented to the said Court by **ALFA TRUCKS LIMITED** whose registered office is situated at Barrow, Glasgow, who are a Company incorporated according to the Laws of Scotland, and that before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2., on the 25th day of April 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished to any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition who appears at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished to any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition who appears at the time of hearing, in person or by his counsel, for that purpose.

JUDGE & PRIESTLEY, 42-43, East Street, Bromley, Kent.
Ref: J.P.
Tel: 01-89 9091

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or firm, or his or their solicitor (if any) and must be signed by the person or firm, or his or their solicitor (if any) and must be served on, or sent by post to, the above-named not later than four o'clock in the afternoon of the 2nd day of April 1977.

No. 0285 of 1977
In the HIGH COURT OF JUSTICE Chancery Division Companies Court, in the Matter of **BANDARILLO INVESTMENT LIMITED** and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 14th day of March 1977 presented to the said Court by **THE DEPARTMENT OF HEALTH AND SOCIAL SECURITY of Great Britain**, High Holborn, London, W.C.1. and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2., on the 4th day of April 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition must appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished to any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition who appears at the time of hearing, in person or by his counsel, for that purpose.

M. W. M. GEMOND, 21, The Square, High Holborn, London, W.C.1.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or firm, or his or their solicitor (if any) and must be signed by the person or firm, or his or their solicitor (if any) and must be served on, or sent by post to, the above-named not later than four o'clock in the afternoon of the 1st day of April 1977.

LAND AND NEW BUILDINGS

NOTICE IS HEREBY GIVEN that the names and addresses of the persons who are entitled to vote at the meeting of the Board of Directors of the above-named Company, to be held on the 14th day of April 1977, at the Royal Courts of Justice, Strand, London, W.C.2., on the 4th day of April 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition must appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished to any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition who appears at the time of hearing, in person or by his counsel, for that purpose.

BOND DRAW

ELECTRICITY SUPPLY OF GREAT BRITAIN 1977, in the amount of £4,000,000,000 of a Treasury Bill, 2 1/2% interest, to be issued on the 1st day of April 1977. The drawings will be made on the 1st day of April 1977, and the names of the persons entitled to receive the drawings will be published in the London Gazette on the 1st day of April 1977.

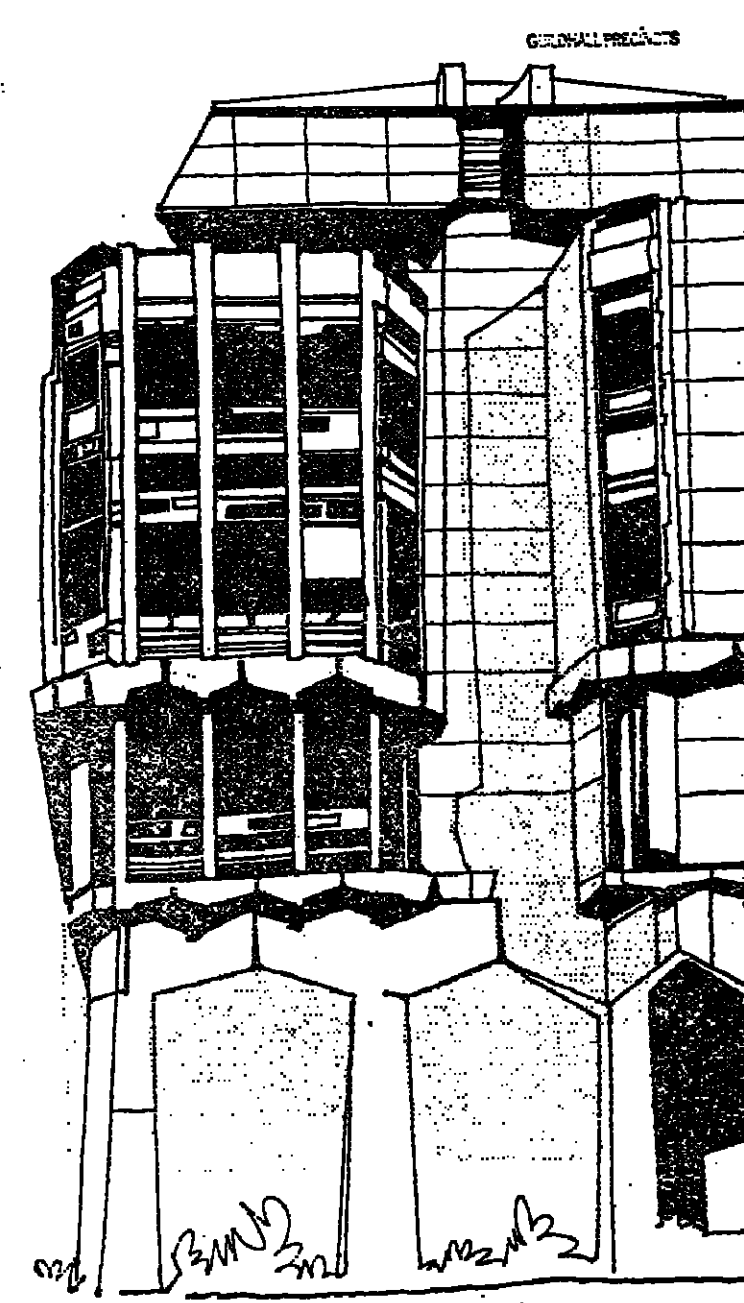
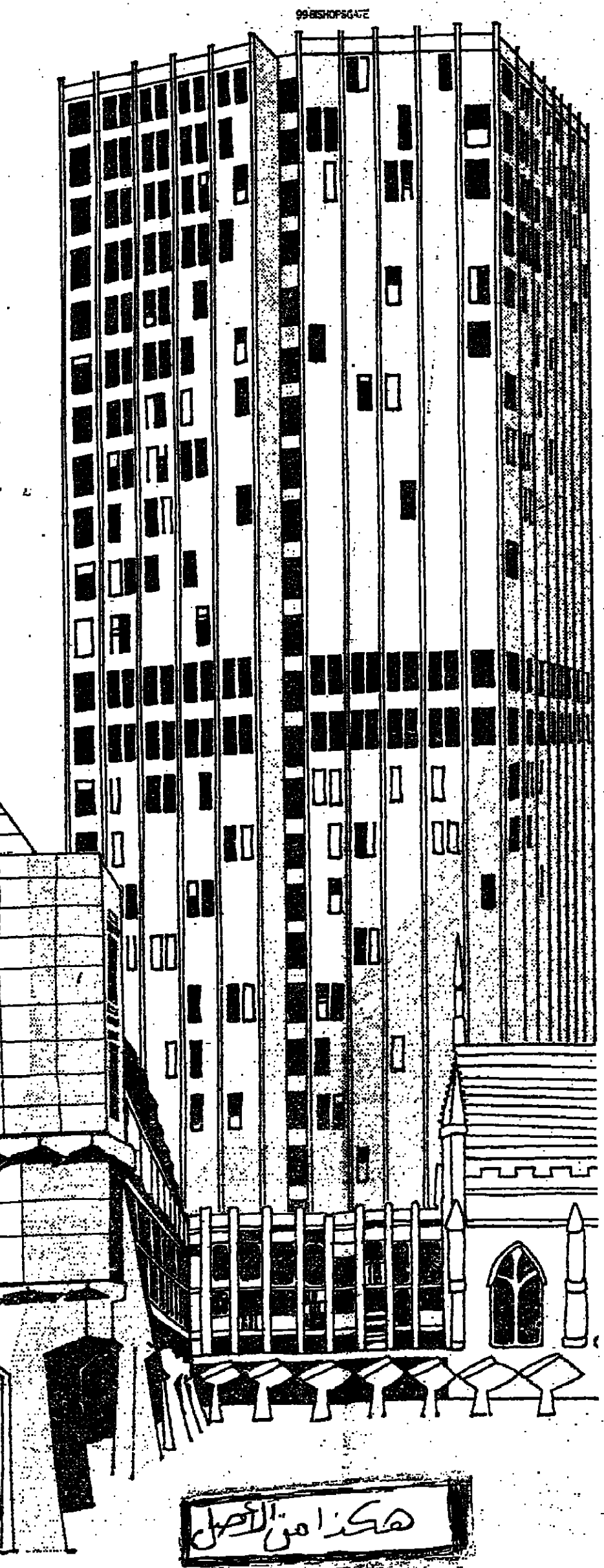
The City has its ups and downs

We've put up a diversity of fine buildings, towering or stretching, commercial and civic. We not only built 99 Bishopsgate and Alderman's Court, we restored the roof and crypt of Guildhall itself.

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Premium positions available (Minimum size 40 column cms)	£7.00 per column cm

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The Executive's and Office World

EDITED BY JOHN ELLIOTT

Tony France describes how a large company cut the cost of its internal communications Price of information

COMMUNICATIONS within large diverse organisations are rapidly becoming an increasing burden for management. This is particularly true when the organisation is composed of divisions, each of which has a considerable degree of autonomy. Left to its own devices, each division would produce media to its own communications. The quality would depend on the skill of the individuals involved. The end products would be unco-ordinated, and in many ways expensive.



Peter Jewiss (left), who devised the Compaq communications package and David Lock, of Lock-Patterson, which produced it.

Campaign

It was faced with a company which has ten operating divisions, each specialising in a different technology. Products are made in factories scattered over the U.K. In each division had used its publicity campaign to get its messages across to its employees. Peter Jewiss outlined the campaign. "The company had developed five major programmes aimed at controlling administration and production, and to aid its performance in social responsibility. The separate publicity campaigns were, perhaps, desirable but the message to be sent to each section of the company, they were extremely time-consuming. The division could be given all the programmes during the year. The problem was to produce programmes with a common theme, but which could be specific to each division of the company. Five subjects to be covered were: safety; operation and control; reduction of Post Office costs; energy conservation; and good housekeeping. The aid of co-ordinators was used in each division. Jewiss devised a common theme (called 'Compaq') which provides all the promotional material from a central source, but which could easily be adapted to each division.

Research and development programmes, but left the control of the content standard, presentation and cost. The items were produced in bulk and made available from a central store using a reply paid post card. Before general release, each programme was tested at one of the divisions. Suggestions for improving production increased by 300 per cent, and over 12 per cent was saved on energy consumption. It was estimated that had it been possible to produce and administer five programmes simultaneously in all ten divisions, the cost would have been £100,000—a figure difficult to justify. By using Compaq, the five programmes cost £15,000. Peter Jewiss is confident that this type of programme is applicable to any organisation with a multidivisional structure. Since the basic components can be specifically designed and readily produced for almost any in-house campaign, he sees a bright future for Compaq. In fact, he is so confident that he will tie his own future to it. This month he set up a company to provide a Compaq service. He has already received inquiries from American multi-national companies. More information can be obtained from Peter Jewiss at 22 Woodlands Avenue, London, E11. 01-988 4877.

Media used in the campaign included posters on the specific hazard and its remedy (for example, wearing safety spectacles); stickers that could be placed on equipment (for example, "Remember to wear your helmet"); signs indicating a specific danger; newsletters which enabled the divisions to provide information relating to local problems; and promotional tea mugs carrying the slogan of the safety campaign. Slogans and designs were produced by the company's consultants, Lock-Patterson, and linked the programme in appearance and message. The company's symbol, a hexagon, was incorporated in all the media, and used to enclose the symbol for each campaign. The complete programme was introduced to the company a year ago, and a company pack given to each divisional manager. Each pack contained samples of the promotional campaigns produced for the five divisions, together with instructions on ordering and implementation. This gave the divisions autonomy in the use of the

MANAGERS' INCOMES

Squeeze spreads to Europe

BY DAVID BUCHAN IN BRUSSELS

THE FINANCIAL plight of middle managers on the Continent is getting as bad as that of their British and Scandinavian counterparts. This was the message that the International Executives Confederation sought to put across last week when the heads of the Dutch, German, French, Italian and Belgian national federations—representing 450,000 managers and executives—met in Brussels.

For historical reasons, the confederation includes only associations from the original six EEC member states, although some British white collar unions have ties with it. Even though the welter of statistics cited for each country did not make international comparisons easy, the Press was warned that a new brain-drain was in the offing, comparable to those in the U.K. and Scandinavia.

Earning life

Apart from making the usual complaints that the earning life of the manager is getting shorter as the need for more study and better education increases, while at the same time his income is constantly being taxed at a higher rate because of inflation, the federation put their main stress on the need "for an overall view of the deductions that affect executives." Not one European government takes such a view, they claim. The nub of the complaint is that all the social security demands that European States make on the modern executive are based on gross salary. This penalises the executive who already pays more in direct taxes than the worker. The situation becomes worse if other elements like lower educational and housing allowances are taken into account. The Dutch executives, who seem to have got hotter under their white collars than others, reckon that with all these factors a gross pay increase of florins 1,000 can lead to a net fall in income.

Mr. H. van der Schalie, the president of the Dutch Federation, said that in the Netherlands "if we compare the gross income, the director is earning six times as much as a worker. If we compare the total income of the two, taking into account their length of career in the company, the ratio is 3:1. And if we examine real purchasing power, we arrive at a ratio of 1.8:1. Finally, if we assume that for the director the 40-hour week is merely an illusion, we arrive at a ratio of 1.6:1."

The complaints have been loudest from those countries like Germany and the Netherlands where direct taxation is higher than in, say, France or

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Business books

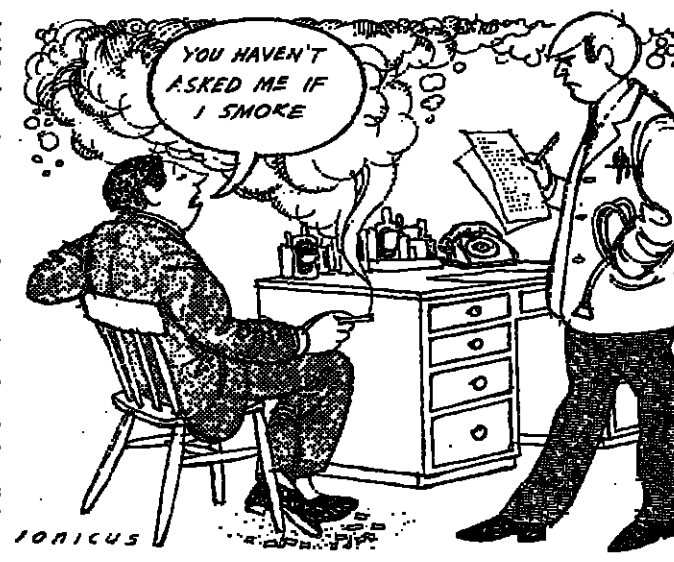
Communication in Organisations, by Lyman W. Porter and Karlene H. Roberts. Penguin Books, £1.5. A collection of readings of interest both to front-line managers and management students. A Dictionary of Computers, Penguin Books, £1. A glossary of some 3,000 words, phrases and acronyms used in connection with computers. It has been designed to assist both technical readers and the increasing number of non-specialists whose work is to some extent affected by a computer. Guide to Employment Conditions, by Robert Porter. George Godwin, £3.50. A straightforward guide of value to every employer and employee and with references made to the building industry's special conditions.

EXECUTIVE HEALTH

BY DR. DAVID CARRICK

The question of smoking

INSURANCE companies' medical forms tend to be somewhat quaint documents with their stilted and often archaic questions couched in picturesque language. For example, to ask if and how much the applicant drinks is too simple. Instead comes the ponderous query: "What quantity of spirituous liquor do you consume daily?" And there are many other peculiar posers bewildering to both applicant and physician with an applicant who had been heavily loaded by several firms and it was not long before the reasons became apparent. We ran into difficulties with the first question which was: "Are you now and have you always been in the best of health?" Evidently anybody answering "Yes" to that must be a liar, but most people assume that the inquisitor is not considering trivial and minor maladies. My applicant, a somewhat haunted-looking man, eagerly began to recite everything from impetigo to ingrowing toenails, and as it was obvious that the only space for the answer could not accommodate a saga of sickness that would have filled a two-volume novel, I had to cut him short.



Having fought my way through "fiddy attacks, fits of any kind, spitting blood" and "passing gravel" (a delightfully 18th-century term), we arrived at: "Any X-rays or special investigations? If so, state when, where, why and results." Now my man really got his ears back and reeled off an amazing list of investigations some of which I had never even heard of. With gathering astonishment, I asked him why he had undergone so many intimate tortures. "Ah," he replied, "You see, I am very keen on my health. For example," he went on, "if you said that I should have a barium enema tomorrow, I'd go like a shot!"

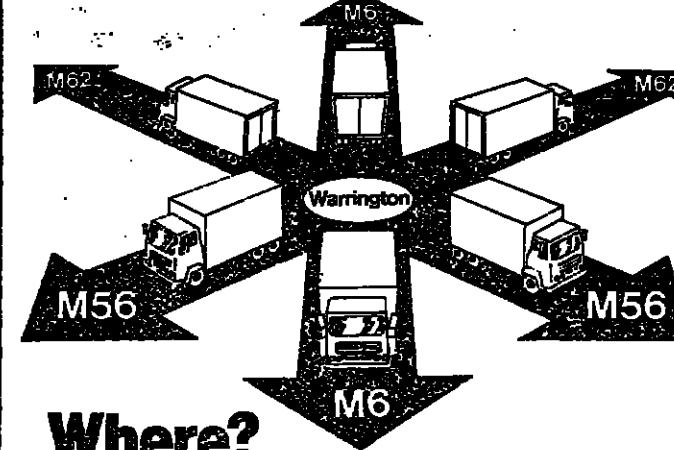
It was now very obvious why the man had been loaded as nobody had bothered to discover the reason for his love of mechanical masochism. But I ploughed on. When we reached the "spirituous liquor" question, he admitted a one-eighth of a pint of mild per day. He used to drink up to a quarter of a pint, he said, but had read something in the papers about how five drinks a day cut six years off your life which had alarmed him.

I was quite exhausted at the end of his marvellous memoirs of miserable maladies, but before starting the physical examination (and a fitter man I have seldom met) he told me that I had forgotten something. "I said I didn't think so," "Wrong!" said he. "You didn't ask me about smoking!"

Oddly enough, that particular form did not require an answer. Much disappointed he said that

surely I must want to know how many cigarettes he smoked per day. "Very well," I said wearily. "How many?" "Oh, none at all!" he retorted as happy as an undertaker in an epidemic. "Never touch them: not even the low-tar type!" Not unnaturally this traumatic exercise led me to dwell on the latest campaign launched by the estimable Mr. Ennals in a manner as impassioned as only a convert could achieve. Now I must agree with him that smoking is not good for one and that heavy smoking is deleterious, particularly for those in urban areas. But I am disturbed on two counts. First, it seems to me that the man in charge of the crumbling remains of the NHS should expend less energy on emitting a veritable smoke-screen and more on attempting to transfuse the moribund and expensive elephant that is white more from anaemia than superfluity. Secondly, I do not believe that anyone, lay or medical, has the right to castigate and penalise those he regards as sinners, for boastful virtue is not merely a lack of vice but rather an ugly form of puritanism. Persuasion without sanctimonious stricture is quite another matter and more likely to succeed. Doubtless if one followed all the taboos that are pumped out endlessly from the wells of the worthy and abstained from anything remotely pleasurable in our short, drab lives, we would become like my miserable applicant. I do not think that we would live much longer; but goodness knows it would seem much longer.

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Kimberly-Clark International Finance Corporation N.V.

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NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of April 15, 1971, under which the above described Debentures were issued, First National City Bank (now Citibank, N.A.) as Trustee, has drawn by lot for redemption on April 15, 1977, through the operation of the Sinking Fund provided for in the said Indenture, \$475,000 principal amount of Debentures of the said issue, at the redemption price of 100% of the principal amount thereof, together with accrued interest thereon to the date fixed for redemption, of the following distinctive numbers:

Table with 10 columns of debenture numbers. The numbers are listed in two columns of five rows each.

The Debentures specified above will become due and payable and, UPON PRESENTATION AND SURRENDER THEREOF (with all coupons pertaining thereto, maturing after April 15, 1977), will be paid on said redemption date at the W.C.G. Bond Windows—2nd Floor of Citibank, N.A., 111 Wall Street, New York, N.Y. 10005, at the main offices of Citibank, N.A. in Amsterdam, Frankfurt/Main, London (City Office), Milan, Paris, and Citibank (Belgium) S.A. in Brussels, and at the main offices of Kredietbank S.A., Luzeurboorgse in Luxembourg. On and after said redemption date, interest on the Debentures specified above will cease to accrue. Coupon due April 15, 1977 should be detached and presented for payment in the usual manner.

KIMBERLY-CLARK INTERNATIONAL FINANCE CORPORATION N.V. BY: CITIBANK, N.A. as Trustee

March 11, 1977

Any person seated at this desk can do the work of three people.

Advertisement for Olivetti electronic accounting systems. It features a large image of a person sitting at a desk with a computer terminal. Text describes the 'desk' as a single Olivetti A' series electronic accounting system that can handle all customer accounts, calculate and complete invoices, prepare statements, process payroll, control ledgers, and control stock flow. It claims that all these procedures are completed at electronic speeds with electronic accuracy. A person is able, at the touch of a button, to print out at computer speed all credit control figures and management on/off line data. One person—not three—making a single input, triggers four routines simultaneously. The 'desk' is one of Olivetti's A' series electronic accounting systems. The same 'desk' that, over the past two years has been chosen by over 2,500 U.K. firms to streamline their accounting. For today, tomorrow and the future. Do as they did. Consider Olivetti first. For details of the A5/A6 and other systems in the Olivetti A' series, simply clip your letterhead or card to this advertisement and send it to Peter White, British Olivetti Ltd., 30 Berkeley Square, London W1X 6AH.

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MONDAY, MARCH 21, 1977

A dangerous trend

WITH ALL the industrial countries suffering from high unemployment the pressure for import controls to protect existing jobs is understandable...

Resentment

Last year the Ford Administration imposed quotas on special steel imports which caused great resentment in Europe and Japan...

Unilateral

Some element of regulation by governments can be justified in a case like textiles where there are deep-seated structural problems in the importing countries...

An EEC seat at the top table

UNLESS THE French Government changes its mind, the leaders of the nine EEC countries seem set to celebrate the 20th anniversary of the Rome Treaty with a major public row at their summit meeting later this week...

But the Dutch Government is taking it so seriously that it is now more or less openly threatening to walk out of the EEC summit that starts in Rome on Friday if the item is not played first on the agenda...

Rome talks

It will be a pity if the dispute is allowed to dominate the Rome talks. In the first place, it will provide the clearest possible public proof that after 20 years the EEC countries are still vulnerable to the intractable squabbles over the borderline between national and Community responsibilities...

Respect of the Community's institutional rulebook is essential if the smaller members are to be persuaded that their interests are going to be taken into account by their bigger partners...

The threats to Labour

BY RAY PERMAN, Scottish Correspondent

SCOTTISH Nationalist MPs are determined to vote with the Tories on Wednesday's no-confidence motion because they believe that they have Labour on the run in Scotland...

There could be no worse prospect for Labour in Scotland than an early General Election. With the Devolution Bill still not resting quietly in its grave...

The latest opinion poll showed that the backlash against the Government following the defeat has now partially spent itself, leaving Labour—since the last poll shown in the table—a short way behind the Tories and the Nationalists...

Labour's fight in Scotland is now almost wholly with the Nationalists and it is of interest not only to those who want to see the Government returned to power...

Labour MPs took 41 of the 71 Scottish seats at the October 1974 General Election—a vital contribution to the fragile majority that has kept the Government in power for two-and-a-half years...

But these bare figures give a false impression of the grip Labour actually has on Scotland. The electoral system has masked the decline in Labour support since 1970 and the rapid rise of the SNP...

The arithmetic is complicated by what happens to support for other parties—the Tories, Liberals and the Scottish Labour Party—which broke away from the official party 18 months ago...

On a simple swing between the two parties if five per cent of the electorate which voted Labour last time votes SNP next time, the Nationalists will double their representation at Westminster...

getting half the seats in Scotland—the point at which they say they would begin to negotiate for independence.

Most of the evidence since 1974 suggests that if the shift has not already been made, then it is well under way. A string of council by-elections and regular opinion polls indicate that it may no longer be a question of Labour preventing the drift to the SNP...

One of the key areas where Labour has failed to match the SNP is in attracting the young. An opinion poll published last year showed that 46 per cent of 16-20-year-olds favoured the Nationalists...

Another area where Labour has failed to keep up is in organisation. Years of virtual one-party rule in Glasgow and the west have fostered neglect of membership and of the party machine at local level.

Nominally Scottish membership of the party is over 70,000, reflecting the 1,000 members each constituency has to have before it is allowed a delegate to annual conference...

Things are changing, but if the Government loses Wednesday's confidence vote there will not be time for the effects to show. A new membership drive has already brought in 1,000 people but the rate will have to be sustained over months if the new blood is to invigorate moribund local parties...

The contrast with the Nationalists could not be more marked. The SNP is a satellite party and although its membership and electoral support has been growing steadily over a long period, it is subject to wide fluctuation...

MEN AND MATTERS

Ladbroke's non-runner

It is a pity Cyril Stein could not make the Boat Race festivities on the Thames at the weekend. The Ladbroke Group, which he heads, has saved the race for the foreseeable future by an annual £20,000 sponsorship and Saturday was the day when Ladbroke planned riverborne red-carpet treatment for some of its more influential customers...

Trouble started when Abercorn attempted to moor at Chiswick Eyt with the intention of giving the Ladbroke guests a grandstand view of the two crews passing before swinging into pursuit...

Oxford then swept past in muscular fashion, closely followed by a Cambridge crew looking much more spritely than had been predicted. Then came the stillia of launches, Pressmen and camera crews. The BBC helicopter roared overhead.

Abercorn's engines sparked to life and the ship sped at full speed away from the island, dutifully intent on following the pack. Unfortunately all that happened was that she did a remarkably tight turn and started heading back...

New days at the Dorchester

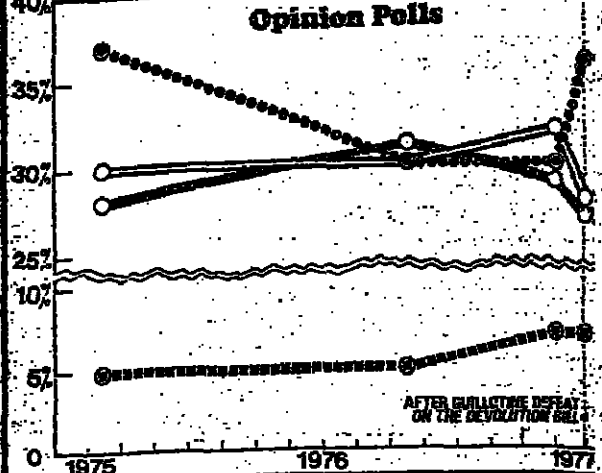
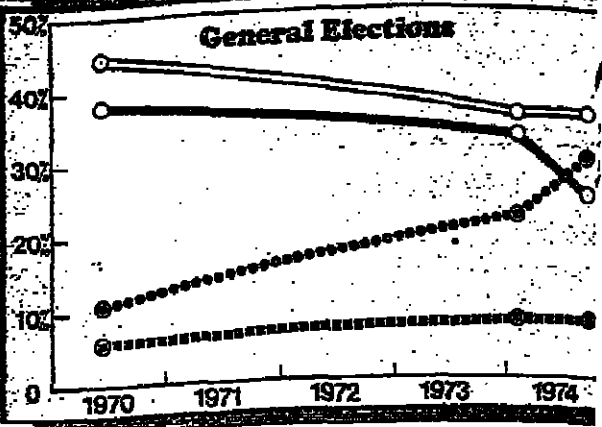
Peter Stafford had not set foot outside London's Dorchester Hotel for four days, one of the penalties of living above the shop, you might say. But as he escorted me on a brief managing director's guided tour of the hotel's best and in some cases truly exotic rooms (particularly the heavily ornate roof garden suite designed by Oliver Messel for Coronation year), Stafford was laying plans to "escape" in the early hours of the next morning...

The Jewish patronage was perhaps always a little ironic because the Dorchester has been popular too with Muslim leaders, including the late King Saud of Saudi Arabia, the late Ayub Khan of Pakistan and Jordan's King Hussein.

Uncertainty about the new owners percolated among the 750 staff, not helped by the surprise departure after 12 years of Stafford's predecessor, Robin Oldland. Another worry was the scepticism in some quarters about the relatively high price (£29,000 a room) paid for a hotel which has not had an outstanding earnings record lately...

"Three months with us," proclaims a New York slimming salon, "and you'll win the Nobel prize."

SUPPORT FOR THE PARTIES IN SCOTLAND



after a bad period and the party looks certain to hold at least two of its three Scottish seats—those of David Steel and John Gormond. In the third, Russell Johnston is being pressed hard by the SNP, but feels he will still be able to hold the seat...

ULSTER UNIONISTS

Six days of courtship

BY GILES MERRITT

IF ULSTER's Unionist MPs fall to emerge as the kingmakers in the tangled arithmetic of Wednesday night's no-confidence vote, they will nevertheless have had a fascinating six days beforehand. Courted on the one hand by the Government and subtly wooed on the other by the Tories...

The contrast with the Nationalists could not be more marked. The SNP is a satellite party and although its membership and electoral support has been growing steadily over a long period, it is subject to wide fluctuation...

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FINANCIAL TIMES SURVEY

Monday March 21 1977

Handwritten signature: *John P. ...*

Custodian of the oil weapon

Saudi Arabia

In a two-part Survey we look at the nature of the world's leading oil power; at how it is spending its enormous wealth; and at how it is wielding its political muscle both within the Middle East and in its relations with the rest of the world.

Richard Johns, *the East Editor*

EVER HAS Saudi Arabia been the focus of so much attention nor has this extraordinary political entity ever been so conscious of its role. Since the oil crisis of 1974 it has emerged as a force of all proportion to its small, sparsely populated and its underdeveloped.

Having emerged from medieval obscurity over the past few decades the Kingdom has now gained international notice that it adds to use more actively the oil which it has derived from a possession of a quarter of the world's oil reserves, a accumulation of financial resources and an impressive moral authority. In coming year, which seems to be a critical one for the future stability or otherwise of the Middle East, its role could be a decisive one.

The Kingdom's defiant stand against the majority of OPEC members at last December's ministerial conference could be seen as a strong assertion of national unity—even a coming of age. The Kingdom had fought an open breach with other producers as it tried to moderate its more extreme demands for price increases and in the process had always in the past been recognised those terms. At the end of the Kingdom could defend the oil as an "economic and commercial interest of the global market" which should be kept out of politics. The power one of the producers, Crown Prince Fahd, Saudi Arabia in effect Faisal, Foreign Minister and son of the last King, has by declaring that it would firm the pricing decision to the dispute to the market has been linked to a solution.

It remains to be seen of the Arab-Israeli problem, whether it can, even with the support and effective for all with this conflict. The only differences are probably forestall a further public. It would be a present hike. Yet there can be no doubt of its sincerity.

With apparent deliberation Saudi Arabia has now formally introduced a new, imponderable element into the pricing debate by suggesting that its future moderation on oil will be dependent on the outcome of the "developing countries' dialogue with the industrialised world and progress towards Middle East peace settlement.

Yet the conditions about an Arab-Israeli peace, vague though they may be, must be seen as a politicising of the issue in OPEC, which has always been about the improvement of members' economic interests. It was not aimed to mollify resentment of Arab members against the Saudi stance on prices.

Confused

Within the mysterious ruling hierarchy the exact status of remarks made in the immediate aftermath of the conference remains confused. Sheikh Ahmed Zaki Yamani, Minister of Petroleum, stressed that considerations of the world's economic health were paramount. Soon after, Crown Prince Fahd, the First Deputy Prime Minister, explained the Kingdom's position wholly in those terms. At the end of the Kingdom could defend the oil as an "economic and commercial interest of the global market" which should be kept out of politics. The power one of the producers, Crown Prince Fahd, Saudi Arabia in effect Faisal, Foreign Minister and son of the last King, has by declaring that it would firm the pricing decision to the dispute to the market has been linked to a solution.

and reasonable—to appraise the Egyptian-Syrian recriminations which made an end to the conflict impossible. The development of a much more positive role in world affairs since King Feisal's death was illustrated by its well-timed and decisive initiative — facilitated by the persuasions of its purse—bringing about the Riyadh summit that provided the framework for reconciliation between Damascus and Cairo. The host was believed to have been largely responsible for the important decision to draw up a common Arab approach towards a renewed U.S. peace initiative.

Settlement

Saudi Arabia does not want to be directly involved in formulating a settlement and would probably approve anything acceptable to the Arab parties directly involved, including the Palestinians. Very much less is heard these days about Jerusalem. The Kingdom appears to be disengaging itself from the hard commitment to the complete recovery from Jewish hands resulting from King Feisal's vow to pray at the Al Aksar mosque before he died. The obsessive conviction about the integral relationship between Zionism and Communism has also undergone a sophisticated change. Now, the argument runs reasonably, it is the atheistic Marxist forces of evil which have most to profit from a prolongation of the Arab-Israeli dispute.

Left-wing victory and continued Iran's hehest in late 1973. Over the past three years it has had a large measure of success in restraining more militant demands in OPEC, but — as Dr. Henry Kissinger recognised — there were limits to what it can do because of the "balancing act" which it necessarily had to carry out in the Arab world. By that criterion, the stand taken at Doha was indeed "courageous and statesmanlike," even if the Kingdom is now a more confident power.

Wasting

Questioned about opposition in high places to the wasting of an irreplaceable resource in exchange for paper assets Sheikh Yamani felt forced to say that he only believed in raising output above the old 5.5m. barrels a day for "a lucrative political and economic price." As it is, current revenue requirements could be met from an output of 5.6m. b/d or even less if the Kingdom drew on its accumulated reserves now worth \$50-60bn. The somewhat paranoic feeling of exploitation may lead many Saudis to ask whether they are receiving the assistance with the development of the country's potential which the Government has appealed.

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Only in the heat of emotion caused by another war would Saudi Arabia probably draw the weapon from its scabbard. Its reluctance to contemplate such action accounts for the gravity of warnings about the failure to achieve a settlement. In the meantime, quite apart from developments in the region, the West should not count upon Saudi Arabia being prepared indefinitely to produce more oil than it requires. In the ruling hierarchy the strength of the oil conservation policy is difficult to measure but may be stronger than often supposed. It can only gain support from the wave of hitherto pent-up resentment against the high price of bids for projects made by Western companies which burst last month with the rejection of tenders for power stations.

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Crown Prince Fahd, the leading figure in the Government, can be said to represent the more modernising, outward-looking and enlightened strain in the regime. Yet the process of consultation and decision-making on major issues is a mysterious one. However, it is said by close observers to take place in a wider, royal confab than the Cabinet (where, of course, the House of Saud is well-represented anyway). The evolution of consensus must take account of significant parochial and conservative elements who would have opposed proposals for Crown Prince Fahd's succession in 1975 but were reassured by the elevation of his half-brother Khalid, the former Crown Prince. He has proved to be a far more active and less of a titular monarch than had been expected, to whom the leading figures have regularly deferred for advice. Indeed, he might be said to have also fulfilled his designation as Premier (with the proviso that in this context Western terminology can be misleading).

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CONTENTS

- Regional power II
- Defence III
- The economy IV
- Economic strains IV
- Aid projects VI
- Contracts VII
- Islam VIII
- The Pilgrimage IX
- Oil X
- Shipping XII
- Ports XIII
- Expatriate life XIV

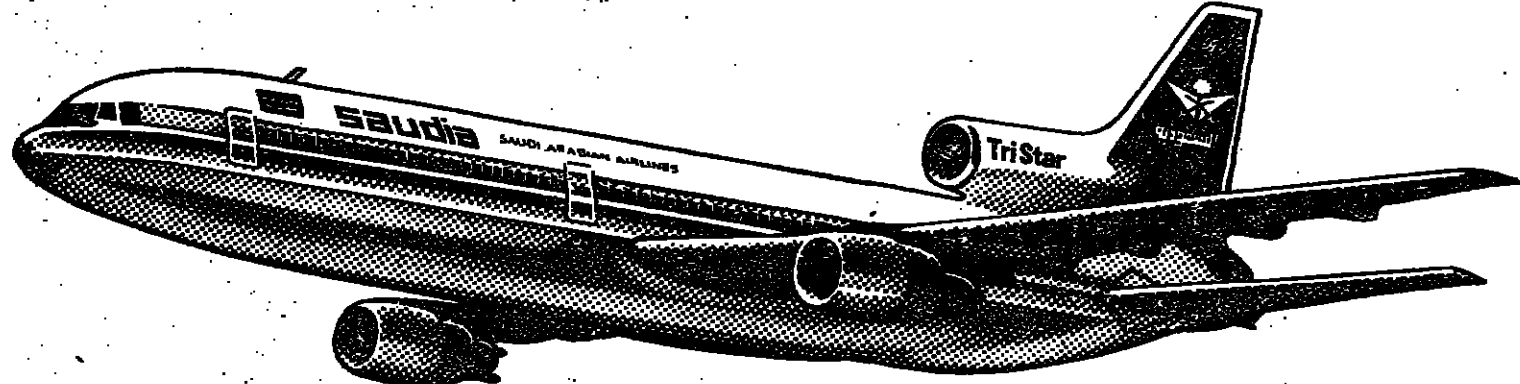
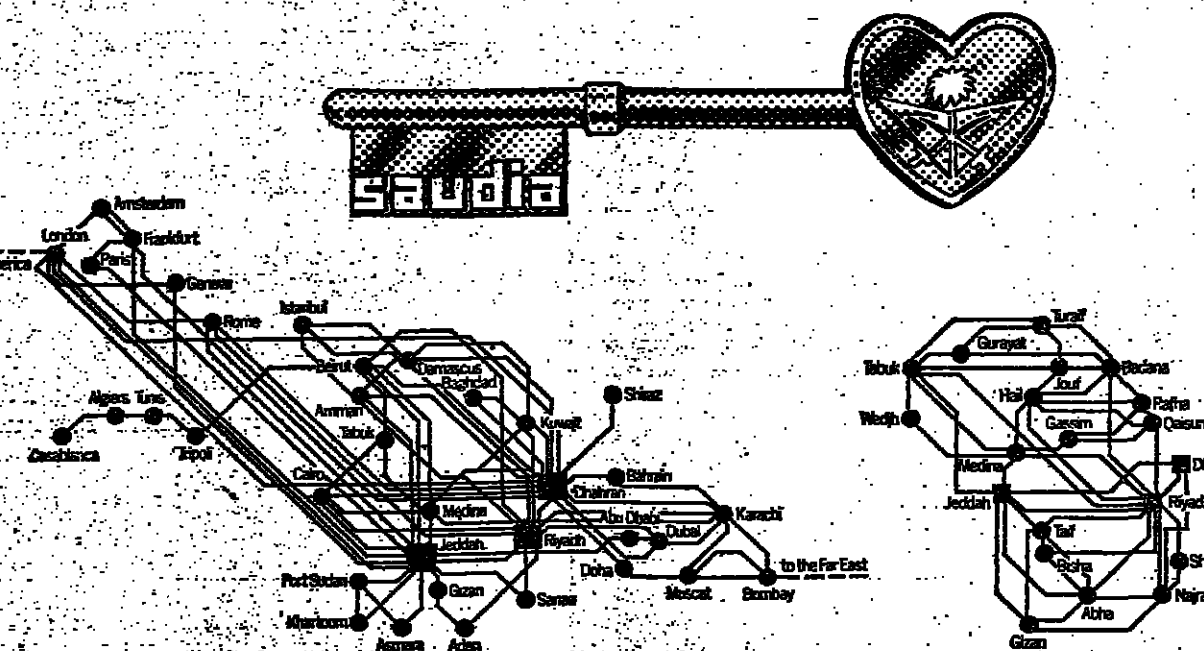
Part 2 of this Survey, to appear on Monday, March 28, will include articles on:

- The 2nd Five-Year Plan
- Revenue surpluses
- Banking
- Capital market
- Gas utilisation
- Manufacturing
- Water resources
- Petrochemicals
- Electricity
- Roads
- Agriculture
- Electricity
- Housing
- Education

to reduce inflation and ease the pressures on limited infrastructure and services which had become almost intolerable by last summer, already the emphasis has switched from maximum to optimum absorption of revenue while there has been a re-ordering of priorities. Even at a reduced level rising prices ensure that a high proportion of projected expenditure (70 per cent. in 1975-6) is made and also that opportunities for citizens to enrich themselves abound.

Money-making frenzy is making Saudi Arabia look more and more like an acquisitive, even greedy, society and is such as to make an impatient visitor wonder if the first principle of the plan — maintenance of the moral and religious values of Islam — is being jeopardised. To an extent the spread of wealth may work towards stability but its unequal distribution and the social strains created by it will not.

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LONDON	d	19.00	11.05	11.05	11.05	12.05	11.05	12.15	11.05	
JEDDAH	a	04.10	21.45	21.40	21.45	20.15	22.50	20.15		
	d		23.30	23.30	23.30	23.30	00.40	23.30		
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SAUDI ARABIA II

Its sudden increase in wealth from its oil resources in 1973-74 gave Saudi Arabia substantially increased weight in the region—a bonus it is becoming very adept at handling.

Regional power

IN SEPTEMBER 1972, Saudi Arabia permitted Libya to supply through the port of Jeddah 32 Saladin armoured cars and a quantity of small arms to Adeni exiles living in North Yemen. Later Saudi Arabia stood aside while Libya went ahead with a series of initiatives to reconcile the two Yemens and so prevent escalation of the border war between the two countries which both Libya and Saudi Arabia had encouraged. Although this incident happened less than five years ago, such a situation would be inconceivable now. Saudi Arabia is the uncontestable power in the Arabian Peninsula and a major force in the wider Middle East context.

It is all too easy to forget just how rapidly Saudi Arabia's regional role has evolved. To take another example, Iran in November 1971 occupied the islands of the Tumbas and Abu Musa in the Gulf. The British were pulling out of the Gulf and Saudi Arabia still lacked the stature to make Iran take any notice of its opposition. Yet it is interesting to speculate, with the Kingdom having now largely filled the vacuum left by the British withdrawal from the Arabian Peninsula, whether such action by Iran to-day would be possible. The answer is probably no—and primarily because Saudi Arabia, though itself not possessing the islands, has sufficient diplomatic weight to prevent such an initiative.

This preference for dealing with individuals has encouraged a bilateral approach. Saudi Arabia has been distinctly cool towards the idea of a Gulf security pact promoted by Iran and Iraq—the one aiming to keep the U.S. out of the area, the other to keep out the Soviets. Even though Saudi Arabia subscribes to the overall Iranian concept of wanting to ensure the Gulf is free of Big Power rivalry, it does not see the need for a formalised pact which could involve commitments.

Without a Saudi lead on this issue, none of the other States in the Peninsula will act alone. This was clear at the inconclusive meeting of Gulf Foreign Ministers in Muscat last November. As if to emphasise its own desire not to be tied down by strategic considerations of the Gulf, Saudi Arabia is going ahead with an East-West crude pipeline to the Red Sea.

Even if proper strategic thinking is discounted, Saudi Arabia nevertheless operates within a framework of basic considerations. One is that regional stability should be ensured through a negotiated Arab-Israeli settlement. Hand-in-hand with this is a determined effort to prevent Communism or radical régimes from establishing themselves—regarded as the major threat to the Kingdom and its puritan Islamic values.

Within the Arabian Peninsula, Saudi Arabia has over the past decade, and longer, been most concerned by the two Yemens. Lately, in particular it has devoted most energy to containing the impact of the Marxist-inspired Government in Aden. Since 1972, it has eschewed force, preferring a slow process of persuasion—realising that the regime of the People's Democratic Republic of Yemen itself was too preoccupied with sponsoring the rebellion in Dhofar to be interested in a reconciliation.

Saudi Arabia gave only minimal military aid to Sultan Qaboos in Dhofar. Although it did not really like the Iranian presence, the Kingdom did not try to match it, providing instead financial assistance. On the military surface this was surprising since military experience in Dhofar could have been useful, and it would have deprived Iran of the wider regional role it now envisages as a result of its intervention. The Saudi attitude was attributed to a wary attitude towards Sultan Qaboos. This may partly be accounted for by the fact that the Kingdom backed the organisers of the rebellion against his father in the 1950s. There would also have been a general reluctance to be seen fighting fellow-Arabs (Saudi Arabia was extremely cautious about sending a detachment to join the "deterrent" force in Lebanon).

Foresight

One might also add that few foresaw five years ago when the UAE was set up that the region would acquire such an appearance of stability, or that Saudi power and influence would increase so dramatically. Even though its population is a tenth of either of the two major regional powers—Egypt and Iran—its massive wealth and geographical size have given Saudi a predominant role which only since the death of King Feisal in 1975 it is beginning to fill in a substantial way.

The biggest test of Saudi's regional power has been its role in the Lebanon civil war. Traditionally the Saudis have found themselves trying to balance between the orbits of Egypt and Syria in their relations with the Arab world. With Syria and Egypt pursuing opposite policies, though not necessarily opposing aims in Lebanon, Saudi Arabia at first was extremely cautious about interfering to try and end the murderous conflict. But by the end of last June Saudi patience had worn thin. The Saudis are believed to have told the Syrians they would cut all financial aid. The PLO was told to stop fighting or risk losing Saudi support; and the Egyptians were told their feud with Syria was counter-productive and that they too risked incurring displeasure.

This ultimatum produced the Riyadh summit and a slightly bemused outside world suddenly found all the major forces in the Middle East committed to the 18-month-old Lebanese civil war. Without such an ultimatum there would have been no real pressures to prevent the conflict dragging on. As it was an Arab League force was approved and the fighting gradually stopped in Lebanon.

The Saudi move was part of a broader strategy designed to pull the confrontation States closer together to negotiate a Middle East peace settlement. They appeared to realise that only Saudi Arabia could be the catalyst in patching up the feud between Egypt and Syria over the former's agreement to a limited Israeli pullback from the Canal in 1975.

The role was there, but the Saudis had been reluctant to play it. This can be partially explained by a reluctance to be seen to be interfering in the affairs of others. But it is also the result of the Saudi approach to policy. It is probably wrong to assume that Saudi regional policy is based on elaborate strategic thinking—rather it is based on a series of intricate interlocking relationships between leading members of the Saudi royal family with neighbouring ruling families and leaders.

Formulation of policy appears to be the result of an amalgam of personalities. For instance, the apparent "fast-and-glove" approach to the People's Democratic Republic of the

Yemen over the past few years is thought to have reflected differences of emphasis in approach between Prince Sultan bin Abdul-Aziz, Minister of Defence, and Crown Prince Fahd, the Crown Prince, who is his full brother. Saudi foreign policy emerges probably from a conpendium of views, which would include those of King Khalid, Prince Saud bin Feisal, Foreign Minister, and Mr. Kamal Adham, the powerful advisor (a brother-in-law of the late King Feisal). In a diplomatic role the Kingdom can also use orthodox conduits such as the Saudi-born businessman Mr. Chissan Shaker, who has been a key figure in relations with Oman.

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Effect

With the war in Dhofar effectively over and the Sultan's forces in control, Saudi's role as a mediator has come to the fore. It was Saudi diplomacy that engineered the cross-border ceasefire between PDRY and Oman in March, 1976—which has effectively held. Now this is being consolidated with efforts to bring Aden more into the Arab fold through the inducement of financial assistance (up to \$400m.) which the impoverished PDRY desperately needs for development.

The Saudi position was well in evidence when last November an Iranian Phantom aircraft was shot down over the PDRY. Saudi Arabia negotiated the return of the pilot and the co-pilot's body plus the aircraft. Last month formal diplomatic relations with Aden were established and the PDRY Ambassador has already established himself in Jeddah. Unable apparently to forgive

or forget the Buraimi Oasis dispute of 1955, King Feisal refused to recognise the United Arab Emirates, established in 1971, until the summer of 1974. Saudi Arabia renounced its claims to Buraimi, but in return acquired a corridor to the coast between Abu Dhabi and Qatar as well as recognition of its claim to a slice of disputed oil-bearing territory in the interior.

This border has yet to be defined in official maps though Saudi Arabia does operate border patrols and recently arrested some workers of the Bengal Development Company who were building the connecting road between the UAE and Qatar. The Saudis also succeeded in upsetting Oman by failing to include Sultan Qaboos in the original discussions on the Oasis to which Oman also had a claim.

Saudi power and influence is exercised discreetly. Behind the scenes pressure from Saudi Arabia is widely believed to have been a factor behind the abrupt termination of the region's only experiments in limited democracy of the Sudan and Kuwait—although there is no proof in either case. The Bahrain National Assembly was dissolved in August 1975 after only two years' activity, a move preceded by the arrest of 31 alleged Left-wing activists. The Kuwait National Assembly, a much older institution, was dissolved last August. The Saudi leadership is said to have shown

Power

Saudi Arabia has exercised its weight around, its polite style—does not always reflect the full potential of its power. Even so, evidence suggests the Saudis are being more assertive in asserting themselves in the region as their experience in either case. The international oil market has grown. Other Arab States not afforded to dissent from the King's oil policy have been effectively silenced. The "oil weapon" has been used last August. The Saudi leadership is said to have shown

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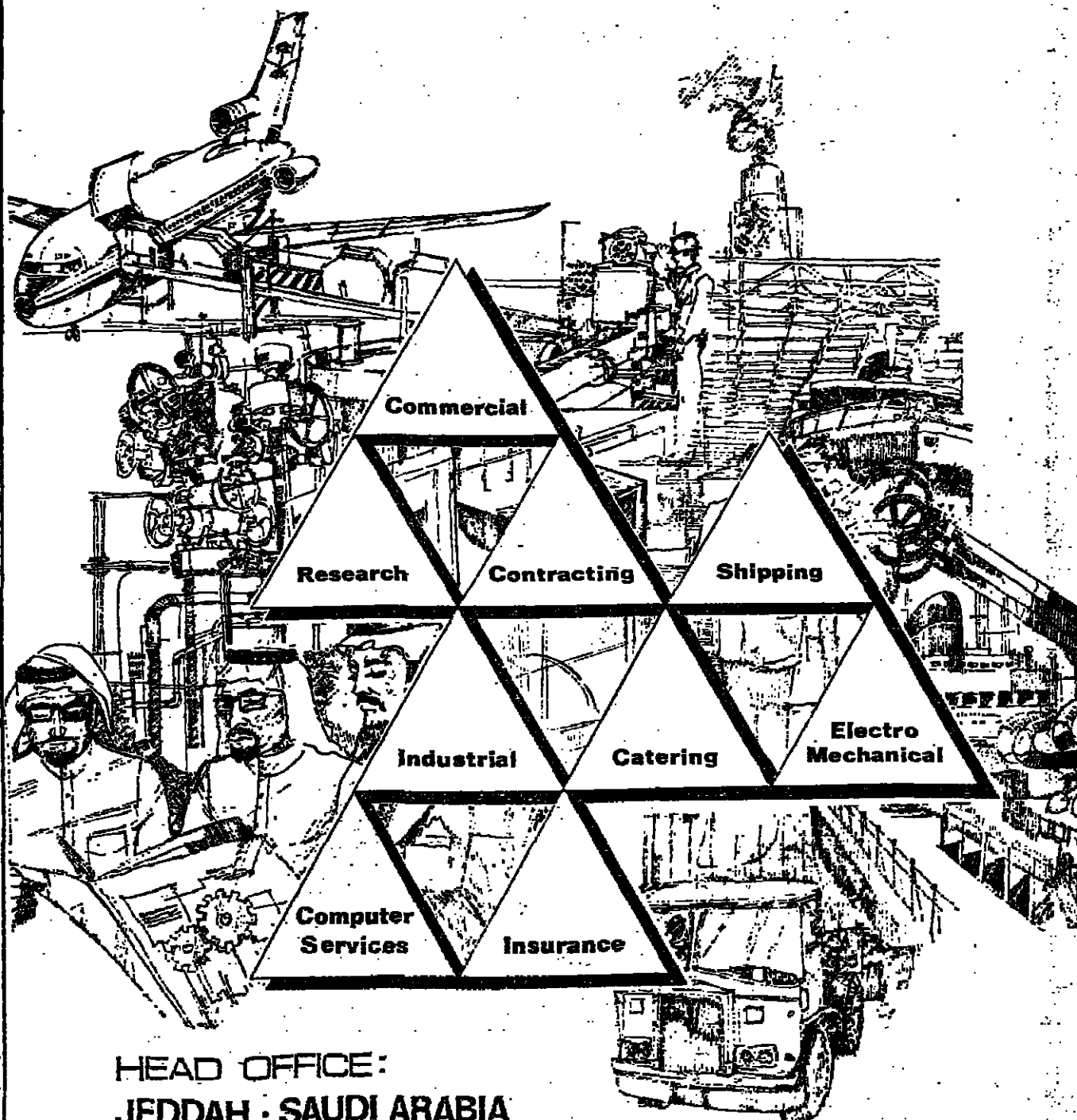
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Jeddah Office: P.O. Box 1312, Jeddah, Saudi Arabia. Tel: 299113, 299114, 299115, 299116, 299117, 299118, 299119, 299120, 299121, 299122, 299123, 299124, 299125, 299126, 299127, 299128, 299129, 299130, 299131, 299132, 299133, 299134, 299135, 299136, 299137, 299138, 299139, 299140, 299141, 299142, 299143, 299144, 299145, 299146, 299147, 299148, 299149, 299150, 299151, 299152, 299153, 299154, 299155, 299156, 299157, 299158, 299159, 299160, 299161, 299162, 299163, 299164, 299165, 299166, 299167, 299168, 299169, 299170, 299171, 299172, 299173, 299174, 299175, 299176, 299177, 299178, 299179, 299180, 299181, 299182, 299183, 299184, 299185, 299186, 299187, 299188, 299189, 299190, 299191, 299192, 299193, 299194, 299195, 299196,

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Improving its ability to protect itself is high on Saudi Arabia's list of spending priorities. The US has taken the major role in equipping and training the Saudi forces, but European countries, including Britain, are still getting a fair slice of the Kingdom's defence expenditure cake.

Defence and security

THE guiding principles of the Kingdom's development, defence and internal security are set out in the preamble to the second Plan as second after the maintenance of Islamic moral and religious values. The June War was a religiously inspired force towards the north-west of the country and along the Red Sea coast.

Two years later Saudi forces saw action in the south during the brief flare-up with People's Democratic Republic of Yemen operating from their base at Khamis Mushayt high in the mountains of the Assir. With the PDRY-inspired rebellion in the Dhofar province of Oman quelled and the Yemen Arab Republic a financial dependant of the Kingdom, the south-western sector presents no danger now. Currently the main build-up against important future eventualities is in the north-east, where the Government is embarking on the construction of a major base near Al Batin and along the Kingdom's Gulf littoral.

In particular it is doubtful whether Saudi Arabia could enter into combat for some years without expatriate advisors performing at least a support role. At the same time military development has been a somewhat haphazard affair. There must be doubts as to how well co-ordinated the various supply programmes involving the U.S., Britain and France have been.

Against this it must be said that Prince Sultan bin Abdel-Aziz, Minister of Defence and Civil Aviation, is a shrewd man, well versed in military affairs, who has not been foxed by high-pressure Western salesmanship of either a political or commercial nature. He will have been a restraining influence on wilder ideas.

The fiscal constraint is the least one to worry the planners. More important is the availability of scarce human resources. The conventional armed forces number 50-60,000 men and the National Guard another 20,000. In addition, another 6,000 to 7,000 are believed to be enrolled in the para-military Frontier Force and Coastguard. Uniformed personnel could account for up to 7 per cent of Saudi manpower—a relatively large number for a country so dependent on expatriates.

Military service is voluntary, but the Government has been considering the possibility of conscription. The doubling of salary scales announced earlier this month indicated clearly the difficulties of recruitment if nothing more. The award was made at a time when the Government has been trying to restrain pay rises in the public sector in order to combat inflation.

Inevitably also the result will be a continuing and indefinite dependence on expatriates for

maintenance and support. Training will continue to account for a large part of defence contracts awarded to the Kingdom. Infrastructure is also a voracious consumer of funds. Purchase of actual weapons would be a small proportion of Saudi Arabia's considerable outlay on defence abroad—perhaps no more than 10 per cent of the total.

Two of the five established brigades which are being supplied with 150 M60 tanks and 1,100 armoured personnel carriers.

At Tabuk in the north-west the French military mission is continuing to train Saudi Arabia's existing armoured brigade which has now taken delivery of over 300 AMX-30 tanks. France has also sold artillery to the Army. Meanwhile, Britain is fulfilling an order for some 250 Scorpion light tanks.

Even now the status of the Franco-Egyptian agreement seems to be unclear as far as Saudi Arabia is concerned.

A significant factor in American predominance has been the U.S. Corps of Engineers, which has long been deeply involved in the Kingdom as the consultant and supervisor of military projects, mainly in the military field. Currently it is handling over \$20bn-worth of construction. The volume of work is such that it is now building port facilities at Ras al Mishab near the Kuwaiti border on the Gulf coast and at Rabegh near Yanbu on the Red Sea to bring in the necessary imports. The Corps is responsible for the \$3bn north-eastern base—to be called King Khaled Military City—near Al Batin, for which the main contract for the first \$700m. is expected to be awarded soon to an American company.

For the most part U.S. training, modernisation and re-equipment of the Saudi armed forces is co-ordinated by a military mission led by a brigadier-general. It may contain fewer than 50 uniformed men, but overseas defence contractors employing several thousands recruited specially from the services for the job. For the Army the main programme is the mechanisation of

training and maintenance over a five-year period. (Unlike the other American defence agreements the Raytheon one differs in that it is on government-to-contractor basis). Deliveries began last autumn but this month the deal came under fire again from the pro-Israeli lobby in Congress. The Kingdom may diversify its sources of supply with orders for the low-level French Crotale and British Rapier missiles evidently in prospect.

The value of the work is expected to be in the £700m-£1bn. range, depending on what is included. One hope is that the U.K. will be invited to assist with the setting up and running of the new King Faisal Air Academy. Beyond the scope of this deal, BAC and Rolls-Royce (1971) have been discussing a project with an estimated cost of £1bn. in which the Saudis are said to be keenly interested, for the maintenance and overhaul of aircraft engines and the provision of training for Saudis in these skills. Indeed, major orders worth \$5bn. or more may be currently open for competition.

As it is, however, the U.K. installed air defence system has been effectively replaced by an American one designed by Lockheed. The U.S. also appears to have cornered the market for strike aircraft, with the Northrop Corporation earlier awarded this year a \$1.5bn. support services and training contract for the 110 F5E fighters previously ordered.

Saudi Arabia's first modern air defence system was set up under the £120m. contract signed in 1967 by the U.K. consortium composed of Airwork Services, the British Aircraft Corporation and Associated Electrical Industries. Following Saudi complaints about the management of the contract it was superseded in 1973 by a new \$250m. deal on a government-to-government basis with BAC as the main contractor responsible for training and maintenance as well as certain infrastructure development and other services including the operation of hospitals, but not the provision of new hardware.

About 2,000 men (fitters, engineers, instructors, administrators and medical staff) are engaged on the various projects in Riyadh, Dhahran, Jeddah, Khamis Mushayt, Tabuk and Taif. The two squadrons of Lightnings ordered in 1967 remain Saudi Arabia's full complement of interceptors, while the signature of a \$1bn.-plus 30 BAC Strikemasters are used for the basic pilot-training programme centred on Riyadh. A contract in January under which the American company will undertake construction work, further extension of the exp-

no valid comparison can be made from such statistics which convey or exaggerate as much as they reveal about national commitments. It can be said that Saudi Arabia is not have the same ambitions as Iran to be a regional power, does it have to suffer the repercussions inevitably arising from a common border with the Soviet Union. The Kingdom's posture could be described as more passively defensive. Certainly it has oil fields in the Eastern Hemisphere. Whatever Saudi Arabia's military preparedness, these would be difficult to defend. At present it is difficult to see where the threat to them might come from. Back in 1967, when the war was still going on in reach beyond actual potential

Protection

Difficult though it is to envisage the circumstances in which Saudi Arabia might have to protect by military means its vulnerable and perhaps indefensible oil fields, its military programme is a modest one if judged by the criteria of the country's status and prestige as the world's leading oil power. As the leading donor of aid to the confrontation, States the Kingdom has signified its physical solidarity with them by posting brigades to Syria and Jordan. Its response to pan-Arab responsibilities is shown by the presence of a battalion in the Lebanese "deterrent force".

Yet in some vital respects the Saudi's ambitions, reasonable as they are, may be in reach beyond actual potential.

While the American defence industry has fought as vigorously in Saudi Arabia as anywhere for orders, an inhibition has been pre-Israeli political sentiment in the U.S., highlighted by the future last year over the sale of Maverick missiles to the Kingdom. Undoubtedly this affair will have given the Saudi Government an added inducement to diversify sources of supply. It gave added significance to the visits by M. Yvon Bourges, French Minister of Defence, to Riyadh and by Prince Sultan bin Abdel-Aziz, Saudi Minister of Defence, to London in November.

France and Saudi Arabia have agreed to establish permanent military missions in each other's capitals, while efforts by the U.K. to increase its involvement in Saudi Arabia's defence

Contracts

The U.S. is reckoned to have 80 to 90 per cent of the market for military goods and services. In 1975-76 contracts won amounted to some \$3.8 bn., of which only about \$400m. was in the form of orders for hardware. Washington has generally shown responsibility in not pushing or encouraging sales of equipment beyond the capacity of the Saudi Armed Forces to absorb properly—even if the extent of involvement of American personnel has been the subject of Congressional criticism.

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France and Saudi Arabia have agreed to establish permanent military missions in each other's capitals, while efforts by the U.K. to increase its involvement in Saudi Arabia's defence

Modernisation

The U.S. military mission is supervising the Vnel Corporation's contract for the modernisation of the National Guard. Pakistanis and Jordanians as well as 1,000 or so Americans with a military background are involved in the programme, under which four of the force's 20 battalions are being supplied with V-150 armoured cars and Vulcan anti-aircraft guns. In its own smaller way the British military mission established in the 1960s is still active. Set up originally as a counter-weight to the conventional army and made up mainly of fiercely loyal and zealously religious elements of Bedouin origin, and once commonly referred to as the "White Guard", the National Guard is an entity separate from the rest of the armed forces, but in the event of hostilities it would play a complementary, coordinated role in support of them.

Saudi Arabia is now committed to the Hawk as the main weapon in its anti-aircraft Tail. The two squadrons of Lightnings ordered in 1967 remain Saudi Arabia's full complement of interceptors, while the signature of a \$1bn.-plus 30 BAC Strikemasters are used for the basic pilot-training programme centred on Riyadh. A contract in January under which the American company will undertake construction work, further extension of the exp-

Naval

The Saudi Royal Navy is the youngest of the Services and being built virtually from scratch under a package agreement reached with the U.S. in 1974. Actual orders for vessels are limited to a reported half-dozen missile patrol boats to add to the two Jaguar-class ships already possessed, tugs and landing craft. In terms of outlay a much bigger preoccupation is construction of extensive facilities at Jubail and the two naval bases on the Gulf and the Red Sea believed to be at the same sites where the U.S. Corps of Engineers is developing ports specially to handle goods needed for projects which it is supervising.

Originally, the programme was estimated at a mere \$150m. but by the end of last year the figures had escalated to over \$2bn. The development appears to have been an important factor in generating resentment against "inflated bids." Indeed the Corps has been generally under fire for raising its initial estimates and being too "expensive" as a consultant. Whatever the value for money paid for the naval programme, Saudi Arabia may get a better integrated, albeit embryonic, service than it has in its ground and air arms, where until recently actual orders are said to have been too open to various influences in the ruling hierarchy.

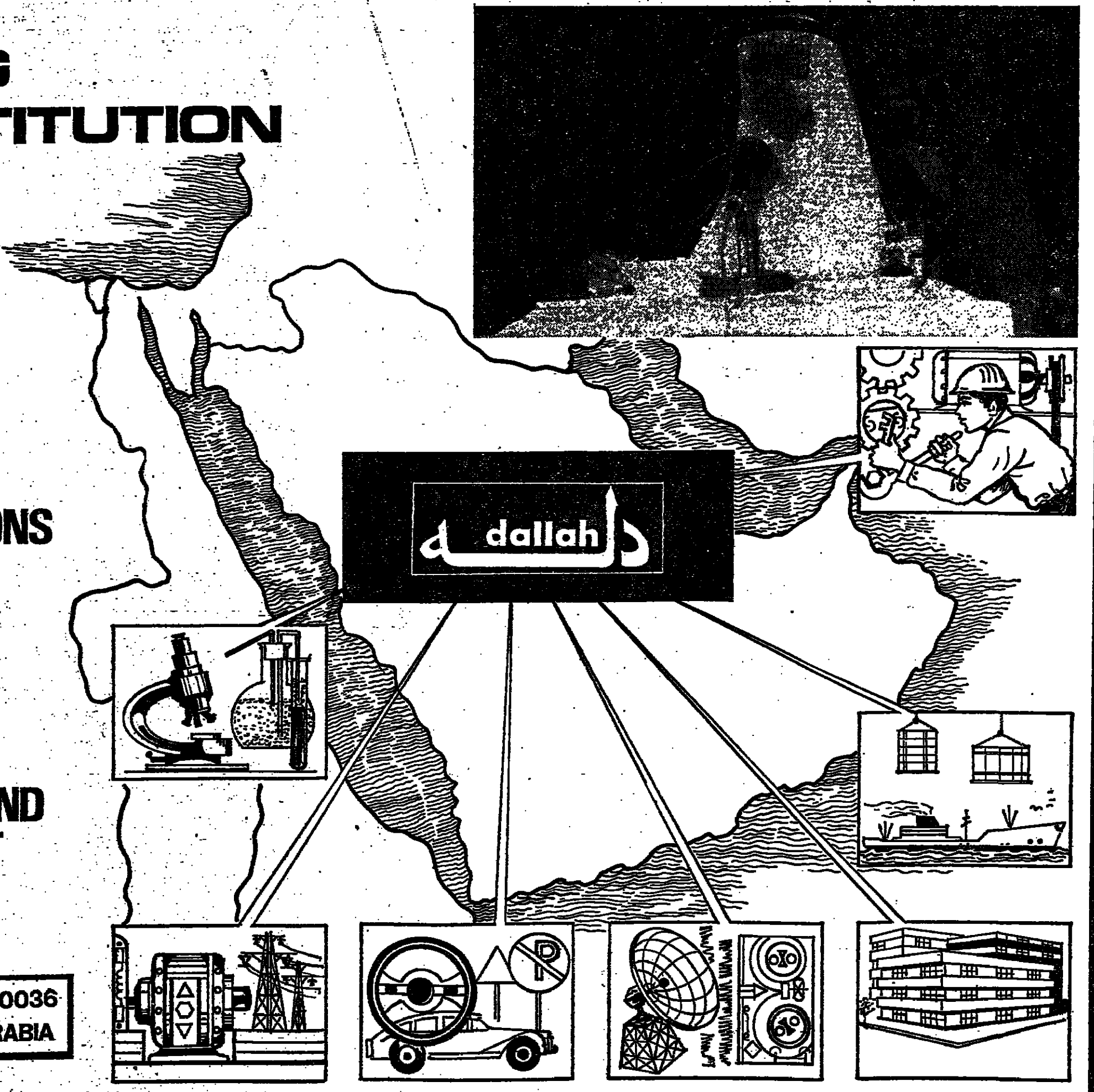
For Saudi Arabia there was bound to be a high degree of trial and error. Regardless of foreigners' profit margins fulfilment of defence capability inevitably will be an expensive business given the component accounted for by training and infrastructure.

Richard Johns

A LEADING SAUDI INSTITUTION

- TRADING
- AGENCIES
- SERVICING
- CONTRACTING
- POWER STATIONS
- MAINTENANCE
- SCIENTIFIC OPERATIONS
- RADIOLOGICAL INSTRUMENTS
- DRAINAGE SYSTEMS
- DRIVING SCHOOL
- TURNKEY RADAR AND COMPUTER PROJECT IMPLEMENTATION

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SAUDI ARABIA IV

Saudi Arabia's main economic aims at present are to reduce the high rate of inflation while removing such bottlenecks as port congestion and manpower shortages. The longer term aim of converting paper wealth into tangible assets is slowly being carried out.

The economy...

PROBABLY THE most significant fact to emerge in recent weeks about the Saudi economy is that during the last financial year (ending June 27, 1976) the Government's actual spending not only showed a 121 per cent increase on that of the previous year but also amounted to more than three-quarters of the Kingdom's revenue. Saudi Arabia is thus spending its revenues at a much faster rate than was originally expected after the oil price revolution. But while there has been a spectacular upsurge in economic activity in the past three years a large part of the increased spending is accounted for by the kingdom's recent very high inflation rates.

BASIC STATISTICS	
Area	865,000 sq. miles
Population	8.97m.
TRADE (1975)*	
Imports	SR27.0bn.
Exports	SR100bn.
Imports from U.K.	£200m.
Exports to U.K.	£857m.
TRADE WITH U.K. (1976)	
Imports	£400m.
Exports	£978m.
GNP	SR82.5bn.
TRADE (1974)*	
Imports	SR14.6bn.
Exports	SR123bn.

* Ministry of Finance and National Economy estimates. Currency: Riyal 1:SR6.06

spending since July 1976, but though the state industrialisation projects listed in the Second Development Plan (which began in July 1975) have not been abandoned, the government is giving priority to the development of the infrastructure. But the Kingdom's revenue will be substantially greater than originally expected because of the 5 per cent oil price rise implemented by Saudi Arabia after the OPEC meeting in Qatar in December, the lifting of the 8.5m. barrels per day production ceiling and the high rate of oil production achieved in the fourth quarter of 1976 as oil consuming countries stocked up ahead of the price rise. Curiously the total of allocations for spending ministry by ministry adds up to SR131bn.—so the stated spending figure of SR110bn. appears to represent a determination to keep spending down. The budget came as one of several measures designed to reduce inflation and ease the pressures on the economy. The most obvious sign of these pressures was congestion at the ports, but the shortage of housing and the need to import manpower also had a crucial effect on pushing up prices and raising the cost of projects. It is not possible to measure Saudi Arabia's inflation rate with any accuracy: the official cost of living index applies to urban households with an income of between SR600 and SR900 a month, such people do not exist any more in Saudi Arabia and private oil GDP (Government and private combined) has registered an increasing fast growth rate such as SR1,500 monthly. But rough guesses put the inflation rate in 1975 at as high as 40 per cent. for the average consumer, while it may have reached 50 per cent. last year. A concerted attack on port congestion was launched last year and largely succeeded, and the housing shortage is easing. The inflation rate is certainly lower than it was last year and

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SAUDI FISCAL YEAR	
Begins in Rajab the seventh month of the Lunar Hijri Year and ends in Jumad Thani of the following year. The Gregorian equivalents for recent years up to the present one are as follows:	
1390/91: From 1 September 1970 through 21 August 1971	
1391/92: From 22 August 1971 through 11 August 1972	
1392/93: From 12 August 1972 through 29 July 1973	
1393/94: From 30 July 1973 through 19 July 1974	
1394/95: From 20 July 1974 through 9 July 1975	
1395/96: From 10 July 1975 through 27 June 1976	
1396/97: From 28 June 1976 through 17 June 1977	

GOVERNMENT FINANCE (Billions of Saudi Riyals)		
BUDGET ESTIMATES		
	1975-76	1976-77
TOTAL REVENUE	93.24	110.93
Oil revenue	86.96	99.50
Other revenue	6.27	11.43
TOTAL EXPENDITURE	110.93	110.93
Recurring expenditure	76.55	76.50
Project expenditure	34.38	34.43

ment's oil revenue rose because of higher tax and royalty payments. Although other receipts increased, the balance of payments, current account surplus fell by SR21.6bn. from SR79.1bn. in 1974 to SR57.5bn. in 1975. Receipts were boosted by slightly increased revenue from the Hajj, and under the heading "miscellaneous receipts," consisting mainly of earnings on investments abroad, the Kingdom's income more than doubled from SR4.7bn. to SR9.7bn. On the payments side, investment income payments virtually halved from SR24.7bn. to SR12.6bn. because of the absence of the windfall profits registered by Aramco from the oil price rise in the previous year. But there was a near doubling of the outflow under the "other services" heading, rising from SR2.6bn. to SR4.5bn., representing remittances by foreign workers in the Kingdom, of which Yemenis are thought to have remained the major part. Another item which increased markedly between 1974 and 1975 was government expenditure abroad. Up from SR7.4bn. to SR11bn. in that year, they represent not just government payment for services but—as the main component—the increased flow of aid to Arab and other countries. The figures appear to conflict with those presented by the Ministry of Finance (which claimed almost SR20bn. in aid for 1975), but the discrepancy is probably accounted for by the fact that some of this sum includes the capital of the Saudi Fund for Development, little of whose wealth has so far been disbursed, and other sums committed but not disbursed. Nevertheless the Kingdom

appears to be devoting one-tenth of its revenue, as it promised to do the Second Development. Though the balance of payments surplus on account is declining, the Kingdom's external reserves still immense, and are in. According to the Saudi Arabia's reserve foreign exchange and gold at \$26.68bn. at the end November. The King well ahead of the U.S. level of its official reserves some way behind West Germany whose reserves total \$36bn.

Reserve However, two in qualifications should be about the Saudi reserve. First, because of the narrow definition of national liquidity used, IMF's official figure understates the Kingdom's financial assets; the IMF has diversified into long assets in the past two years. The IMF figures do not account for loans made into programmes. Assets are estimated to stand between \$30bn. and \$50bn. and more than the Saudis view their assets as being of economic value to them at the moment only a portion of them can be spent. Saudi's ambition is not to increase reserves but to use its paper wealth to invest in the Kingdom in an ambitious way which is slowly being accomplished. **James B.**

...and its bottlenecks

THE STRENGTH of the Saudi economy, both now and in the foreseeable future, is in its ability to greatly increase oil production—a power which it is now demonstrating, though only to a small degree of its full potential. Its weakness lies in the fact that only since the beginning of the decade has finance for a concerted development effort been available. Despite some achievements under the first five-year Development Plan, which was implemented from 1970, Saudi Arabia was still desperately underdeveloped when the oil boom came.

now eased slightly, as is shown by the fact that landlords, some of whom appear to have forgotten some important Islamic values in their scramble for high rents, have had to start advertising properties again. From this month companies bringing labourers into the Kingdom are required to build accommodation for them on land previously undeveloped as part of their contract obligations. They should not rent existing houses or offices in town centres. The easing of pressure on the private construction sector is building at least 50,000 new villas in the past two years, mainly with low cost loans from the Government's Real Estate Development Fund.

Measured in current prices, GDP (Government and private combined) has registered an increasing fast growth rate such as SR1,500 monthly. But rough guesses put the inflation rate in 1975 at as high as 40 per cent. for the average consumer, while it may have reached 50 per cent. last year. A concerted attack on port congestion was launched last year and largely succeeded, and the housing shortage is easing. The inflation rate is certainly lower than it was last year and

Response In response to the challenge, private sector industry has developed to produce such items as cement blocks, crushed aggregate and tiles, as well as metal products. About two-thirds of the Saudi Industrial Development Fund's loan to industry have been committed to the building materials and metal products sectors (almost SR1bn.) and since the loans carry only a two per cent "service" charge there is considerable incentive to Saudi businessmen to develop industry, albeit of a short-term nature in the case of construction. Already the issuing of licences for the manufacture of cement blocks has ceased for fear of overcapacity. The government itself says that the time limits for the completion of the Plan, which includes the construction of industries dependent on oil as well as the installation of an infrastructure, has only been extended, and that the targets and priorities remain the same. But there is no let-up in the pressure on institutions such as the SIFE to speed up disbursements to the private sector. This reflects not just a desire to spread oil wealth by encouraging enterprise but also the realisation by the authorities that the private sector has a dynamism and flexibility which is generally lacking in government. The private sector recruits some of the Kingdom's most talented people by means of high rewards and satisfying work. It can easily make up deficiencies in management experience with recruitment of expatriates. In contrast to the private sector's impressive house construction performance the State's plan to construct 60,000 homes during the next few years, which should have begun more than a year ago, has yet to show any progress at all despite some false starts. The State should be providing houses for low income groups—the private sector has, naturally enough, concentrated on high income groups who offer an almost instantaneous paying off of capital costs. The plan states that one of its principal social objectives is to ensure all Saudis an "adequate dignified minimum standard of living; levels above this minimum will continue to be the reward of individual effort and achievement". While the latter part of this objective is doubtless being fulfilled

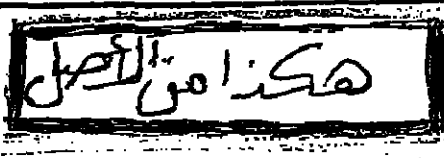
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Six stages in a Saudi Arabian achievement

1 On February 22nd, 1976, National Chemical Industries Ltd. was invited to enter into competition with 41 other companies for the construction of 154 schools throughout Saudi Arabia. Each company was required to submit its own complete proposal, covering every stage from design to erection, in a submission deadline date of April 10th. Conceived as the mainspring of the Second Five Year Plan, this massive building development would provide classrooms for about 105,000 students.

Two weeks after the deadline, the number of competing companies had been narrowed to a shortlist of fourteen. On June 2nd, contracts were signed allocating twenty-three schools to NCI, the highest number allotted to any single company, and the only contract awarded to a Saudi manufacturer.

Now, in March 1977, NCI has completed its quota and handed the schools over to the Ministry of Education.

The Government's original aim was to satisfy an urgent need for additional school facilities, if necessary by importing temporary buildings. However, NCI schools are permanent structures. They have been designed to the highest aesthetic, functional and safety standards. They have been built largely from reinforced concrete and reinforced polyester cladding manufactured in Saudi Arabia within the NCI Group, and completed, in a short time, at highly competitive prices.

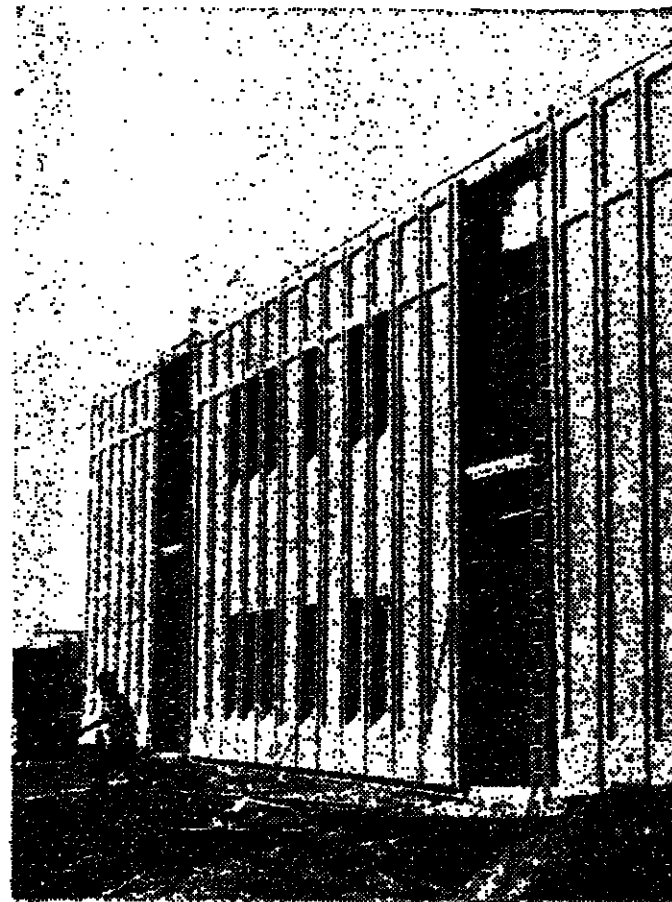
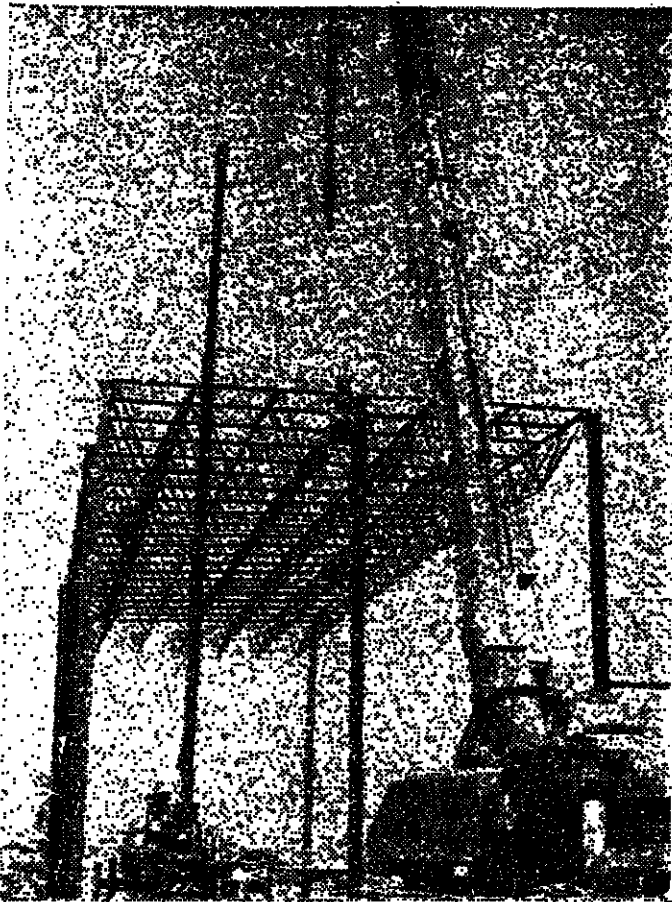
2 The Kingdom of Saudi Arabia is bisected by the Tropic of Cancer and suffers from harsh climatic conditions. From the beginning, NCI were aware that a successful school building programme must take full account of these conditions. As for this reason that they turned to the Canadian partnership, PGL Architects. Internationally renowned for the Mirabel Passenger Terminal at Montreal Airport and the Quebec Pavilion at Montreal's 'Expo '67', PGL also pioneered the development of largely prefabricated structures for schools and scientific laboratories in the Arctic Circle. They are no strangers to the particular design problems posed by extreme weather at very isolated construction sites, which proved to be a valuable experience in both the Arctic and the tropics.

PGL's design for the NCI schools called for concrete foundations and steel columns supporting lightweight steel space-frames forming the first floor and roof. The exterior walls would consist of prefabricated panels of glass-reinforced polyester, 'GRP', specially selected to take advantage of the interesting shadows cast by a bright overhead sun. Careful thought was given to the use of colour and form as a means of harmonising the schools with existing buildings in a desert environment. The design was extremely flexible, and the architects ensured that the completed structure would be highly resilient, well insulated, durable and very economical to maintain—a vital requirement in Saudi Arabia.

3 Perhaps the single most distinctive feature of an NCI school is the extensive use of a structural steel system designed by the British company, Space Decks Limited. The Space Deck System is now generally recognised as a world leader in its field, and most truly original concepts, simplicity is the key to popularity.

The basic unit consists of eight steel members, welded to form a rigid inverted pyramid. These members can be bolted together at the construction site and hoisted into position without the use of skilled labour, to provide large areas of clear-span load-bearing decks, as well as flat or cambered roofing.

NCI is Space Decks' largest customer, and the controlling shareholder in Beyer Peacock, the light engineering group which includes Space Decks. To meet the demands of the Schools Programme, NCI took over 60% of Space Decks' production capacity in 1976. The raw materials, in the form of angular and circular steel bars, bosses and tie rods, were produced at the company's headquarters in Chard, Somerset,



4 All the exterior wall sections of the NCI schools were fabricated by NCI's GRP factory in Jeddah, employing 200 men. The Company devotes considerable energy to a development programme which adds continuously to the range of its products moulded from glass-reinforced polyester and other polymers.

As a first stage in the Schools Programme, master moulds for all the wall panels required were hand-made in wood by NCI craftsmen. From these, a series of GRP moulds were fashioned, which when used to maximum capacity, could produce enough panels for two two-storey, twenty-four classroom schools. All in all, over 7,000 GRP panels were produced. The constituent resin was chemically pigmented so there was no need for further painting, and all panels were individually checked before despatch to the twenty-three different sites.

5 In order to guarantee the efficient and fast delivery of a staggering 50,000 tons of imported materials for the Schools Programme, the Company adopted a policy of direct control over its transport facilities, backed by the experience of established transport companies.

P&O Special Projects Division was hired to handle all imports from Western Europe and the United States using roll-on/roll-off vessels. Meanwhile, NCI faced the challenge of covering twenty-three sites in a

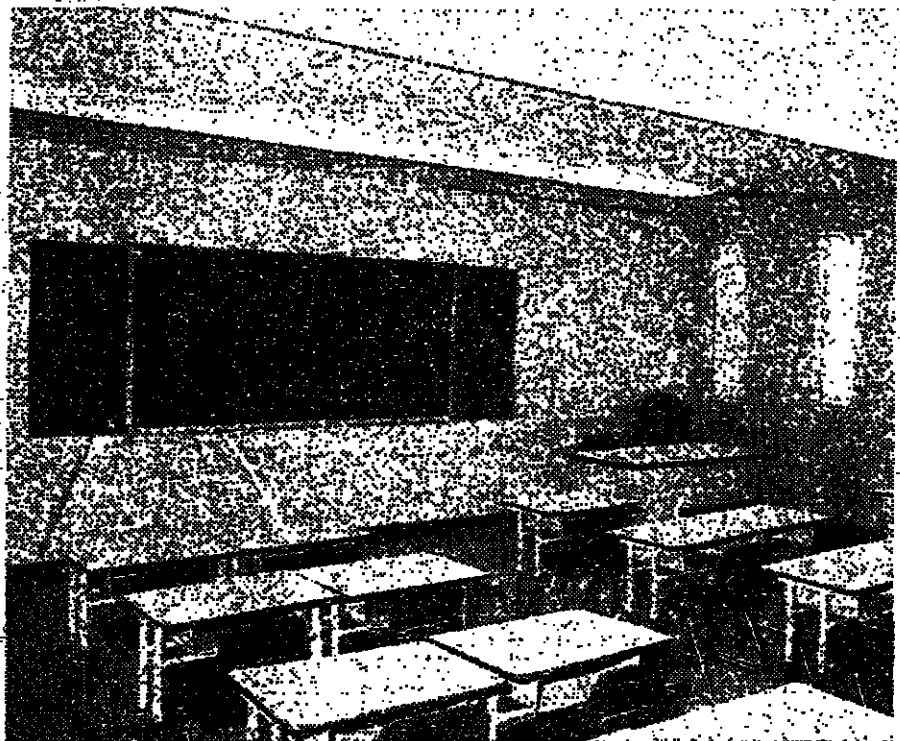
country roughly the size of Western Europe with a fleet of trucks over fifty strong, based 26 kilometres from Jeddah on the highway to Mecca.

Over the last year transportation played a large part in ensuring that all deadlines were met throughout the school-building programme. This is a considerable achievement by any standards, especially in view of the problems of port congestion in Jeddah which have only recently been overcome.

6 The success of NCI's school-building programme rested on the Company's ability to marshal its own resources and those of PGL Architects and P&O.

The construction of 115,000 square metres of school facilities within the contract period called for all necessary components for a complete building system to be manufactured at the NCI factories in Jeddah.

Though pre-engineered, it must be emphasised that each school is a permanent structure. The external GRP cladding panels provide good weather resistance and excellent insulation due to their sandwich construction. The internal walls and partitions consist of gypsum boards attached to a metal stud system, and are insulated for sound between classrooms and corridors with fibre wool.



and shipped direct to Jeddah for manufacture in the NCI steel factory.

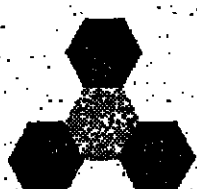
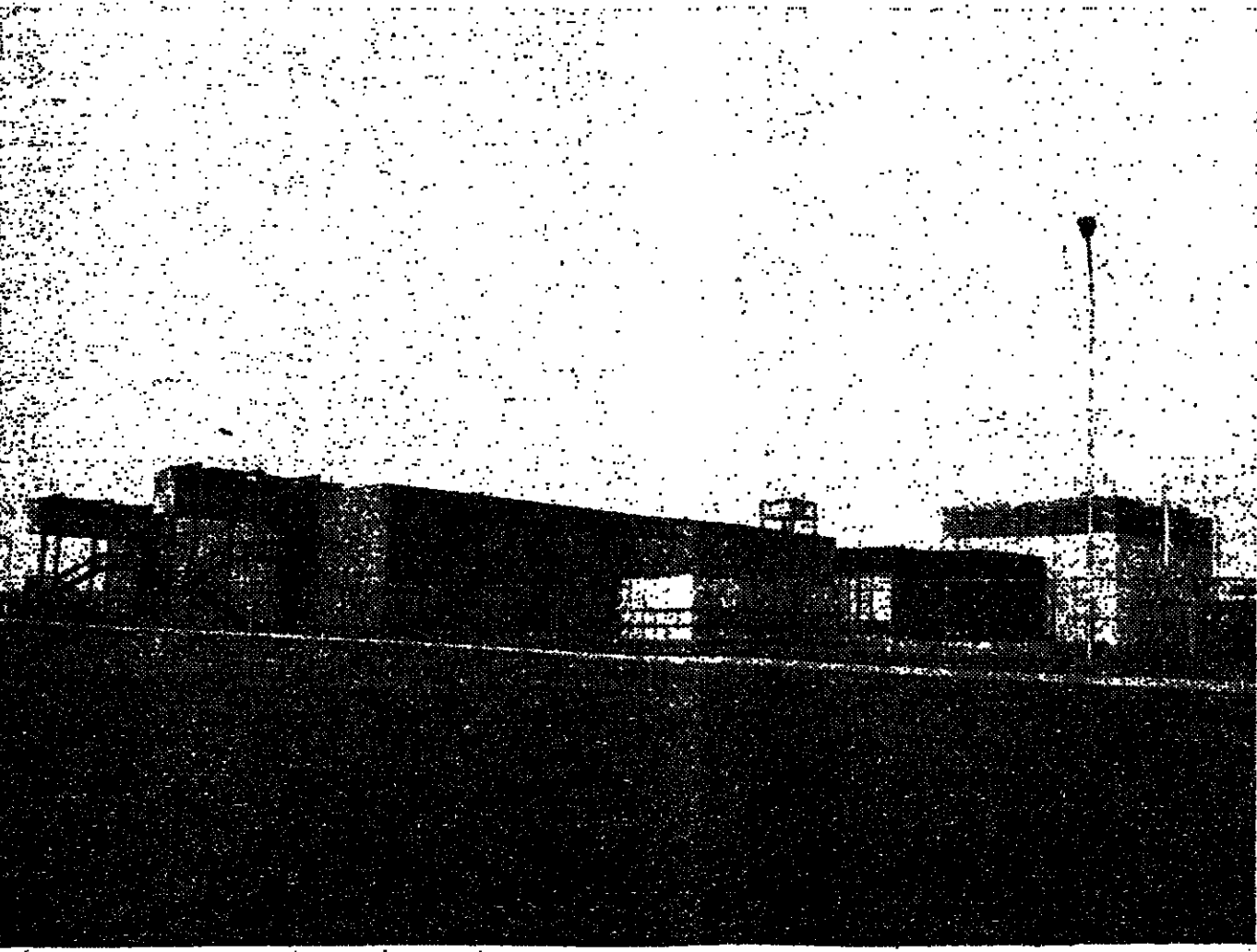
Working to fine tolerances and rigorous standards of quality control, the factory produced 1,100 pyramid units per day at the height of the programme, representing 1,500 square metres of roofing space, finished, stacked, palletised and delivered direct to the site.



Each building is centrally air-conditioned, a considerable advantage over simpler prefabricated structures. The school is a self-contained unit with its own complete infrastructure, including independent power, water and sewerage systems, and provides either eighteen or twenty-four classrooms for 576 and 768 children respectively. A large central dining area caters for all students in two sittings, and provides a free midday meal from food prepared on the premises. Apart from the classrooms, each school contains administrative facilities, a headmaster's office and two staff common rooms, as well as a spacious library.

Outside, a unique feature of NCI's schools is the large play area protected from the sun by a Space Deck canopy supported 8 metres (26 feet) above ground on steel columns. Planned as a multi-purpose volleyball, basketball and general recreation area, the dimensions of the canopy are identical to those of the main school building, so the canopy could easily be used as the shell of a future extension if the Government wished to expand the facilities.

NCI has tackled the challenge of one of Saudi Arabia's most intensive building programmes to date. At the beginning of the new school year, over 15,000 children will begin their education in NCI-built schools. Due to the tremendous priority given to educational development by the Saudi Arabian Government, it is no exaggeration to say that these children will now have a standard of educational facilities comparable to the most advanced schools in the world's leading industrial nations.



National Chemical Industries Ltd.

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SAUDI ARABIA VI

Saudi Arabia is generous with the financial aid it gives, both to other Middle Eastern countries such as Egypt and Syria, and outside the area to, among others, Somalia, Pakistan and Sudan.

Aid projects

THOUGH Saudi Arabia is a firm believer in the thesis—as enunciated in the North-South dialogue—that the industrialised countries have a responsibility to disburse far larger sums of aid than they do, the Kingdom has in the past three years established a record of generous assistance to Third World countries. It is possible that its disbursements may approach the 10 per cent. of revenues target set in the Second Development Plan.

Official figures suggest that sums of money committed in aid amounted to nearly 14 per cent. of Gross Domestic Product in 1975—a total of almost SR20bn., of which SR4.7bn. was described as bilateral grant aid and about SR7.2bn. as bilateral loans. Contributions to international and regional institutions accounted for the remaining SR7.9bn. However, actual disbursements are considerably lower, the total of government payments overseas (of which aid made up the major part) adding up to SR11bn. in 1975. But it would be reasonable to suppose that up to the equivalent of \$2bn. may have been disbursed in 1975, and the total has naturally increased since.

The Kingdom's performance is the more striking when it is remembered that Saudi Arabia only began giving aid on any scale in 1973, its financial circumstances until then having been much constricted. From 1967 to 1973 its aid amounted to little more than an annual subsidy of less than \$200m. paid to Egypt and Jordan under the Khartoum agreement of August 1967. It was not until 1974 that Saudi Arabia joined the Arab Fund for Social and Economic Development, which is based in Kuwait and disburses aid on a multilateral basis to Arab countries.

North Yemen's \$1m. share of the capital of the Arab Investment Company, the multinational government-owned joint venture which North Yemen is shortly to join.

As in its policy towards the PDRY, which is partly inspired by the desire to weaken Soviet influence at the entrance to the Red Sea, Saudi Arabia is now trying to obtain greater leverage in Somalia, with drought relief aid, it is believed, budgetary grant aid. Somalia is a member of the Arab League.

In the past year-and-a-half Saudi Arabia has probably overtaken Kuwait as the principal benefactor of the Sudan. It is the most influential of its 27 members. It made its first loan disbursements about the regime of President Jaafar Mohammed Nimairi and has become heavily committed to agricultural projects in that country, notably the Rabad irrigation scheme. It is also believed to have given short-term balance-of-payments support and is financing a scheme to replace the armed forces' worn-out Soviet transport equipment with West German imports.

In the Maghreb Saudi Arabia is giving assistance to Tunisia—a SR105m. loan towards a sewage scheme in Tunis was one of the first agreements signed by the SFD—and to Morocco and Mauritania.

Probably the non-Arab Islamic country which has done best with Saudi Arabia is Pakistan, to whom King Khalid granted a further \$30m. at the end of a visit there last October. Saudi Arabia is likely to draw an increasingly large number of workers from Pakistan. Other countries in the Islamic bracket include Indonesia and Malaysia in Asia, and many of the Muslim countries in Africa, notably Mali and Niger, are undertaking development projects with Saudi finance. The existence of a Muslim minority in Uganda has no doubt helped Field Marshal Amin to secure Saudi finance for agricultural and livestock projects.

A characteristically Saudi policy is the one whereby Muslim populations in Africa and Asia are to benefit from the construction of mosques financed by the Kingdom; some of these mosques will be among the largest in the countries in which they are being built. Saudi Arabia is also financing mosque building in Arab countries; in Sharjah, for example, which is a minor oil producer, a very elaborate one is to be erected. Saudi Arabia has also contributed to the building of the new mosque in Regents Park in London.

ment organisations, including the Arab Fund, the World Bank and the Asian Development Bank both in assessing projects and in monitoring their implementation. In just over two years of operation the Fund has signed 36 loan agreements. In gross terms about half its commitments of finance (about SR3.5bn.) are in the Arab world. Its paid up capital of SR6bn. is shortly to be raised to SR10bn.

Other institutions through which aid is disbursed include the Islamic Development Bank, which is based in Jeddah and numbers Saudi Arabia among its members. It made its first loan disbursements last winter—the sum of 6m. Islamic dinars being lent to Cameroon to assist in building

understandably takes that as a Third World itself, it does not want its own assets depleted. Much of its aid is in the form of investment, it term one, and the genuinely feel that it is developed countries, not the rich underdeveloped ones, whose aid contribution should be the most proportion to GNP. Arabia and France originally suggested a reference on Inter Economic Co-operation has so far made only progress towards acceptance of a new economic order.

Riyadh is the head of an Arab organisation—Investment Corporation—whose aims are in that school of office thought which believes Kingdom should make investments which offer a commercial rate of return. Arab countries. For the Sudan and Egypt subscribed to its call \$289.5m., of which 40% has been paid up. company's three largest are held by Saudi, Kuwait and Abu Dhabi. Iraq coming next. It go into partnership with men and private investors using Western technical aid, develop the resources of, generally, the poorer members.

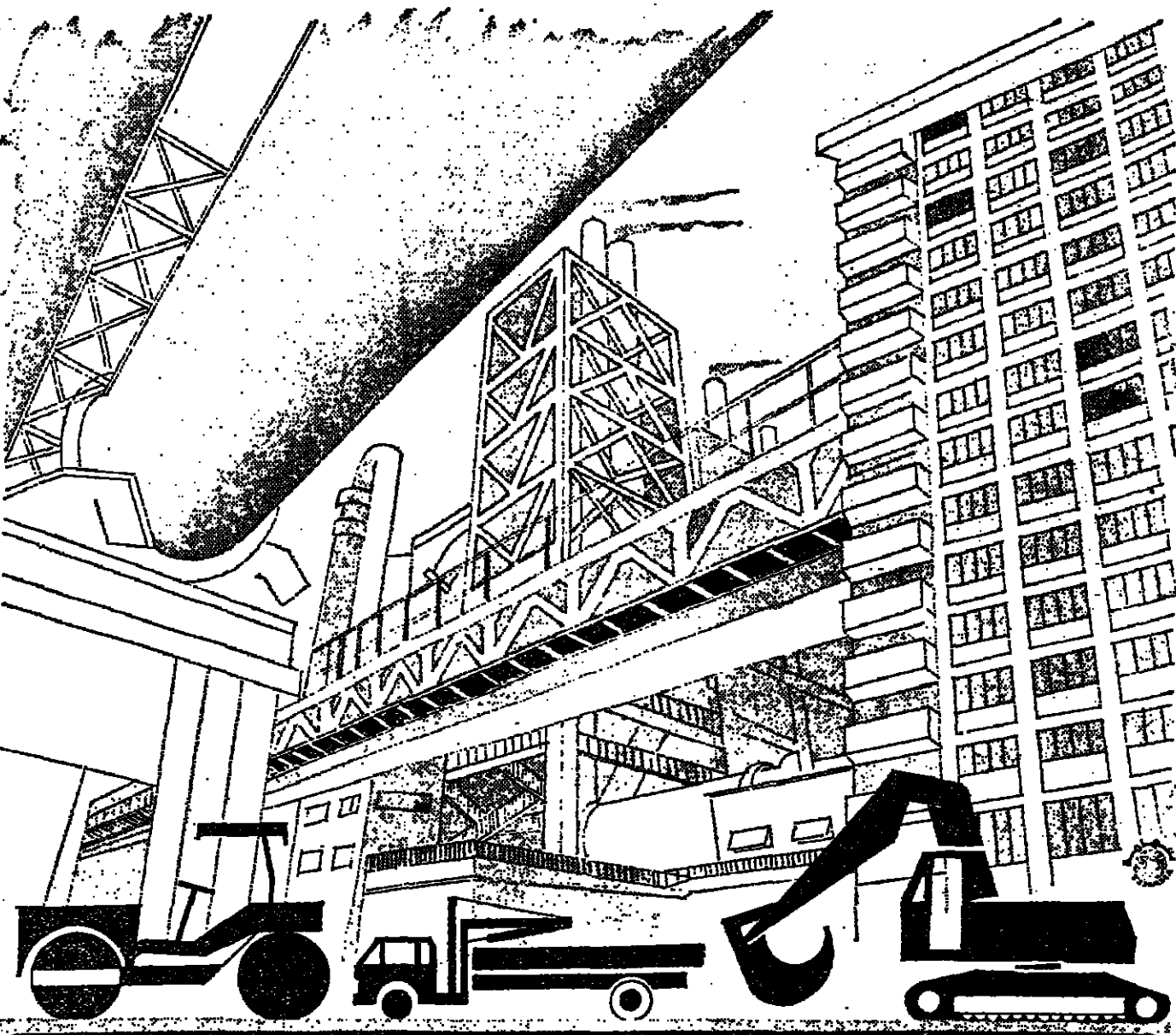
FOREIGN AID COMMITTED BY SAUDI ARABIA (\$m.)

Year	International and regional			Total	Aid as per cent. (total) of GDP
	Bilateral grants	loans	institutions		
1972	143.1	77.5	—	220.6	(917) 2.7
1973	650.2	242.6	—	892.8	(3,526) 5.0
1974	1,136.6	747.6	2,283.3	4,067.5	(14,489) 12.4
1975	1,363.5	2,657.6	2,262.9	5,664.0	(19,994) 13.8
	3,287.4	3,906.6	4,486.2	10,960.2	(38,826) 10.6

Source: Ministry of Finance and National Economy.

Biggest

The company has the Kenana Sugar on the Sudan, which is by Louha and sister of the biggest sugar in the world. The AIC, playing a major part in the future of the project has hit heavy cost overruns. It still has high costs in its long-term success. The company is costed projects in Morocco, interestingly in Syria, gradually rehabilitating of the private sector in mining and management. The AIC's investment in the terms of its programme to nationalise the end of last year's payments of \$197m. was approved, of which \$50m. in loans and \$147m. capital.



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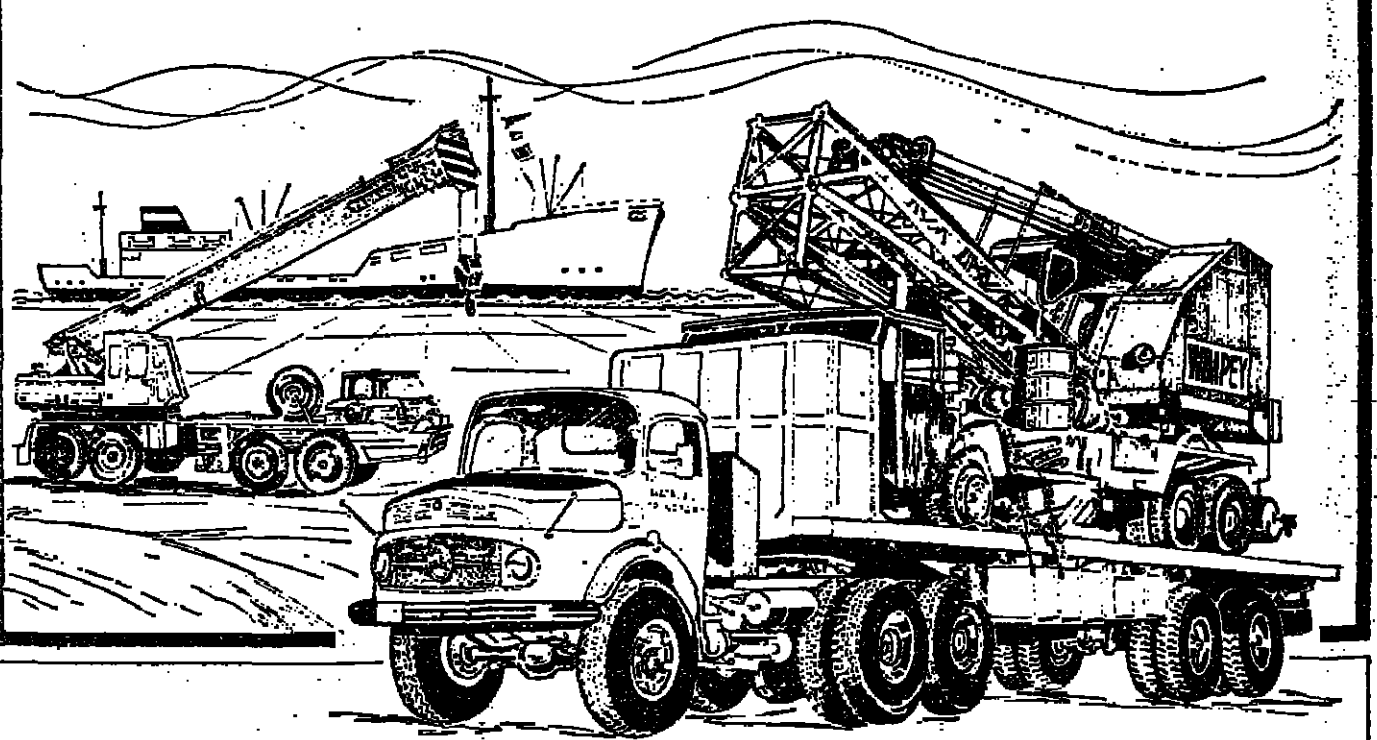
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Surpluses

Since the Kingdom began accumulating large surpluses the sums committed in various forms of aid have increased by leaps and bounds. According to Ministry of Finance figures the total was SR17m. in the Hijri equivalent of 1972, SR3.5bn. in 1973, SR14bn. in 1974 and nearly SR20bn. in 1975, making a grand total of SR39bn., or about \$11bn., for the four-year period.

The crude figures disguise a rough order of preference and magnitude of sums involved which, predictably, runs as follows: first, the front-line Arab countries; second, other Arab states; third, non-Arab Islamic states; and fourth, other deserving nations. Within the Arab world Saudi Arabia, as the wealthiest country, naturally wants to make the most of its political influence, though the extent to which aid is used as a tool to achieve political ends can be exaggerated.

There is no evidence that Saudi Arabia actually cut its aid to Syria in the middle of last year, as has been suggested in some quarters, in disapproval of the Syrian regime's policy in the Lebanon and anxiety to bring about a rapprochement with Egypt. The flow of Saudi aid, it should be said, is affected by bureaucratic constraints like nearly everything else in the Kingdom and there has been no regular pattern of payments.

Both Egypt and Syria like there to be a little uncertainty over the precise amounts of aid each of them receives, but both countries have benefited substantially from Saudi Arabia, as well as from the other Arabian peninsula countries, since the 1973 war. Apart from outright grants and subsidies both Egypt and Syria have received project finance from the Saudi Fund for Development which was established in 1974 and began operations the following year. Among several projects which it is sponsoring in Egypt is the rehabilitation of the Suez Canal, while the SFD last year committed SR265m. to port, road and hospital developments in Syria. Jordan is a major beneficiary and Saudi Arabia is naturally contributing to reconstruction in the Lebanon.

In the Arabian peninsula the establishment of diplomatic relations with the People's Democratic Republic of Yemen has been followed by the commencement of a flow of aid, so far difficult to quantify; but the authorities in Riyadh have not forgotten their traditional friends in North Yemen, whose annual grant from Riyadh (exclusive of project finance) has reportedly been stepped up from SR285m. to SR345m. Saudi Arabia has also agreed to pay

generosity

Enlightened self-interest may be detected in the giving of Saudi finance to road and port schemes in South Korea, from whom the Kingdom draws some of its hardest working labour. Other non-Muslim countries to benefit from Saudi Arabia's generosity are Congo-Brazzaville, and Guinea-Conakry, where an aluminium development scheme is under-way with Saudi help. Brazil and Ecuador have also had outline commitments for finance.

Saudi Arabia disburses aid through a variety of organisations of which the biggest in the size of disbursements is the Ministry of Finance itself. The SFD, despite having made agreements and commitments totalling at least SR6bn., has probably only disbursed a relatively small amount so far, perhaps SR300m. This is for the very good reason that development projects take time to get underway and the Fund only pays against receipts for goods and services.

With a staff of only about 70 people the Fund relies heavily on the advice of other develop-

opportunities in saudi arabia

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Prices of tenders for contracts have been the target for much criticism in Saudi Arabia recently. The country still operates fixed priced contracts, but there are signs of a new measure of flexibility to take account of rising costs of labour and materials.

Contracts

SAUDI ARABIA'S curt and angry rejection last month of "inflated" bids by Western and Japanese companies for its power projects at least released some of the pent-up resentment which has accumulated over the past year within the Government. Ministers and officials believe that leading companies have regarded the Kingdom, flushed with all its surplus revenue and hitherto committed to development at almost any cost, as an easy milk cow. In the past few months a feeling of exploitation has grown to be almost a paranoid conviction. Rejection of the tenders was a dramatic way of expressing it. To emphasise the Saudi view yet further Dr. Gazi al Gosalbi, Minister of Industry and Electricity, embarked on his Far Eastern tour to share out the projects among India, Pakistan, South Korea and Taiwan.

Although some warning signals could have been seen by a discerning eye, the rejection of the bids came as a shock. Of all the oil producers, the Kingdom has most readily recognised that the cost of its development was being pushed up as much by domestically generated inflation as by higher prices charged by suppliers. In disputing other OPEC members' calculations about the increased cost of imported goods and services, Sheikh Ahmed Zaki Yamani, Minister of Petroleum, said as much on more than one occasion towards the end of last year. There was, indeed, a frank awareness of the premium to be paid for rapid implementation of the second Five-Year Plan. Moreover it had made known its desire to obtain the best and its willingness to pay for it.

Dr. Faisal Bashir, acting Deputy Minister of Planning, says that the affair has taught

the companies a lesson—and shown "we are not easy meat." The bitterness can be seen from his allegations of their greed and cheating through collusion. There has also been genuine bemusement about the extent of the gap between the estimates and the bids. Estimates drawn up by the consultants had already been revised upwards to take account of inflation. As it was, the lowest bid, by the Japanese, was about twice as much and the highest, by the consortium including GEC of the U.K., four times as much. "We are not expecting companies to come here and lose money, but we are asking them to be fair on profit margins," explains Dr. Bashir. However, the key question must relate to the extent of—and justification for—allowance made by foreign contractors to cover themselves against the risks arising from tough and inflexible contract terms, unforeseen eventualities and uncertainty about future rates of inflation.

Allowance

Saudi Arabia remains wedded to fixed price contracts, even if a small measure of flexibility has been shown since the middle of last summer. For instance, some allowance was made to take account of rising costs of labour and materials in the \$944m. contract won by Hyundai, the South Korean company. Eurosystem Hospitalier was also granted an escalation clause based on certain indexation, making it possible for the price of its project for the building of hospitals and ancillary facilities to increase from \$730m to about \$900m over the 41-year implementation. But fixed-price contracts remain the general rule.

Conceptually, the Saudi Government is open to the principle of escalation clauses, which

are hard to formulate anyway because of the lack of reliable indices, and which, it fears, would give an open-ended licence to contractors to raise the cost of projects. Apart from the big developments in the hydrocarbon field, where the actual cost escalation must have come as a shock to the Saudis, there has been an absolute reluctance to contemplate cost-plus contracts which would give companies a guaranteed return for their work. Administratively, anyway, the Government is not geared up for the accounting exercise involved in such a system.

Saudi contracts contain harsh penalty clauses but do not contain any allowance for force majeure or recognise the possibility that delays can occur for reasons beyond the control of the contractor. Almost invariably no provision is made for independent arbitration in accordance with the formula recommended by the Federation International des Ingenieurs-Consell. This means that disputes would be normally referred to the Grievances Council, which has a reputation for finding the foreigner to be in the wrong.

Companies also face the possibility of changes in specifications which many contractors give the ministry concerned the right to make without any mention of compensation. They can lead to arguments and delays—thus increasing the possibility of penalty clauses being invoked. Bureaucratic indecision or inefficiency can result in hold-ups in execution. At the same time delays in progress payments, which are normally supposed to be paid each month, are a perennial hazard causing difficulties with cash-flow and the incurring of unplanned interest charges.

It is difficult enough to measure with any accuracy past inflation, which in the past

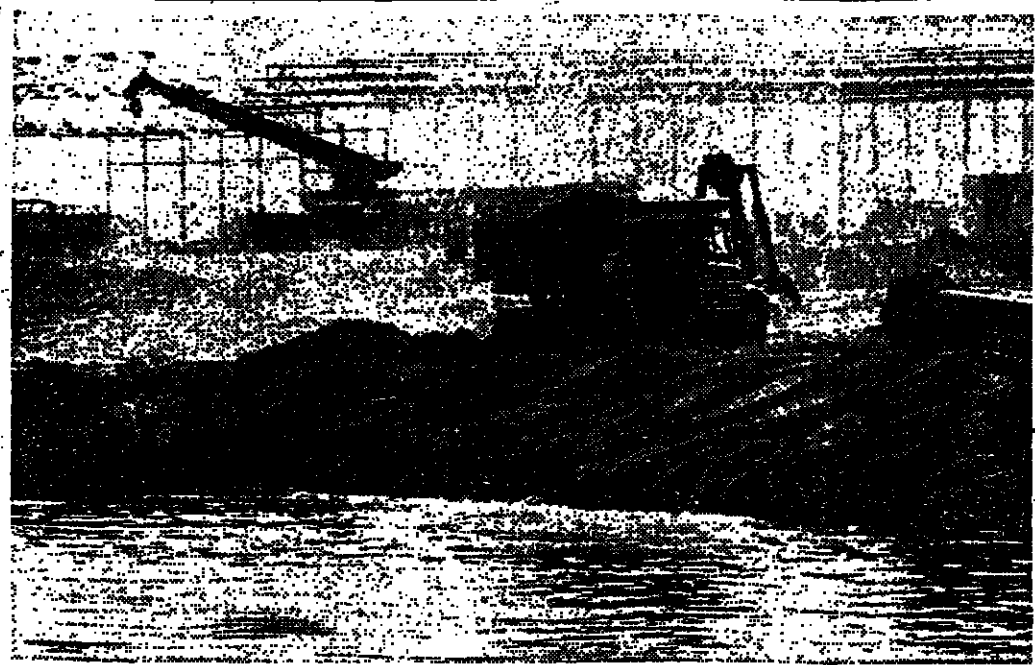
three years probably amounted to 30-40 per cent. for the construction industry rather than the lower figures estimated by the Government. Calculating it three or four years ahead is an altogether more intractable task, although it should now be somewhat easier.

Accuracy

Theoretically, at least, contractors should be much better able to assess labour costs with much greater accuracy because they are obliged to import the men required for the project being undertaken. However, they say that despite such manpower being indentured, wage rates will still in practice have to be adjusted to going rates paid locally. Again, successful bidders for jobs worth SR100,000 or more are required to provide housing which they need and must now be in a better position to estimate its cost, especially now that the soaring price of real estate and housing has evened off or fallen.

Port congestion has been eased and, although it could become worse again, can hardly be as acute again as it was at the turn of 1975-76. Similarly, the cost of building materials, in which the Kingdom is building up a significant domestic capacity, should be much more stable.

Nevertheless, faced with the uncertainties, some contractors bidding for projects have allowed for an inflation rate of no less than 50 per cent. annually—and in the light of the last few years' experience—have taken too pessimistic a view. Sheikh Hisham Nazer, Minister of Planning, accuses them of having exaggerated working conditions and the effect of bottlenecks to inflate their costs "beyond reason." Through publicity they have created fear in the minds of newcomers, who as a result bids for civil projects were



Levelling and reclamation work in progress at Jubail port. Consulting engineer for this commercial harbour development is Sir William Halcrow and Partners.

have come to this country with false impressions," he adds. Moreover, they have added to their own problems by paying five or six times as much as they need for accommodation, according to Sheikh Nazer.

Undoubtedly, a large part of the indignation over the size of bids stems from the implied lack of acknowledgment of the Government's efforts to combat inflation. Understandably less has been said about the proportion of bids accounted for by commissions and other "grace and favour" payments. Not only is a foreign company required to have an agent by law, but it needs one to find its way through the administrative labyrinth: ideally it should have a local partner. Given the system, the agent earns a commission. It may have to be big enough to accommodate financially decision-makers and other sponsors. Yet the component accounted for by such payments can vary anything from 5 to 35 per cent, according to experienced observers. They say that no major project is awarded without a royal prince benefiting.

Formerly, the Government did away with agents and commissions for defence projects after the U.S. Senate revelations about payments received by Mr. Adnan Khassoggi from Northrop for facilitating the supply of F5 fighter-bombers. The statement issued by the Council of Ministers following last month's decision on the power contracts implied that new regulations compelling agents assisting with

under study. It criticised go-betweens for having convinced companies that projects could be obtained through personal influence regardless of cost or size, but endorsed their role in principle. If members are to be honest, there may be some heart-searching in the Cabinet on this question if a satisfactory solution is to be found from the point of view of the best value for money.

Payments

Foreign contractors are now much less daunted than they were a year ago by the guarantees demanded by the Government. The regulations are not peculiar to the Kingdom and have long been in force, but the difficulties were magnified by the sheer size of the contracts awarded as Saudi Arabia embarked on its Second Plan. Last summer the bid bond requirement (designed to ensure that those competing for projects were serious) was reduced from 2 to 1 per cent of the total amount of the tender, and the performance bond (designed to ensure satisfactory implementation) from 10 to 5 per cent. Thus, the sums which banks have to guarantee on behalf of their clients have been reduced. However, they must still cover the 20 per cent advance made by the Government to help with the costs of mobilisation (it can be as much as 30 per cent.) and also any bonds made to release the 10 per cent of progress payments which are customarily retained by the employer.

A further measure of flexibility was shown in the contract for cleaning up the city of Riyadh won by the Pritchard Services Group of the U.K. in partnership with the Chicago-based company Waste Management Inc., which has 60 per cent of the venture. In apparent recognition of the fact that the undertaking is essentially a service one, their 10 per cent performance commitment has been split up on an annual basis in respect of each year's work—in effect, 2 per cent for the full value and duration of the five-year contract. As it is, the local partner in a 50:50 Saudi-registered company has taken responsibility for Pritchard's obligations.

In recent times—to anyone's knowledge—the Government has not called in any bonds. Even so, and not surprisingly, this has hardly reassured banks about the guarantees for which they have had to take ultimate responsibility though until recently the actual bonds had to be provided through houses operating in the Kingdom. Earlier this year the Saudi Arabian Monetary Agency listed 45 approved international banks authorised to put up guarantees directly, merely paying a fee to a local one as an intermediary at a reduced rate—which should benefit their clients by reducing charges.

In the past French, Italian and other European companies were evidently less inhibited than their British and American counterparts, apparently because of closer organic links with their banking

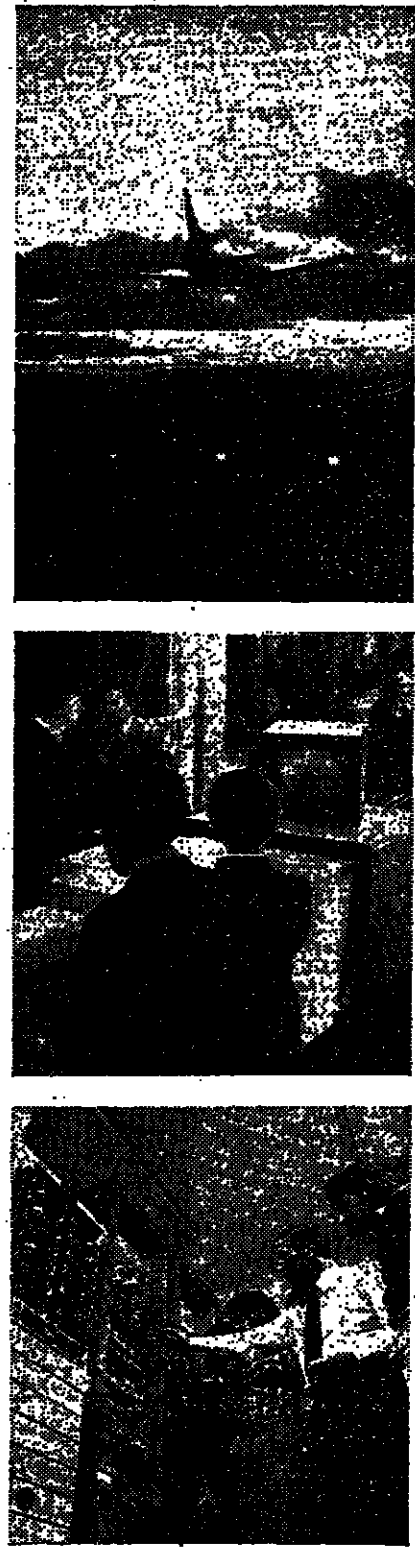
systems and more positive reassurances from the governments. The Japanese and South Koreans have had more full State backing. U.K. contractors' problems have been eased greatly by coverage provided by the Exports Credit Guarantee Department against arbitrary calling of bonds. Without similar support U.S. firms have been handicapped by the fact that amounts guaranteed count as credit, and under federal law no bank can make loans to a single customer exceeding 10 per cent of its own capital.

In place of bank guarantees the U.S. Corps of Engineers evolved the use of a surety bond for one contract under its supervision, a method which, though more expensive in fees, would have eased pressure on overdraft facilities. The move was effectively nullified by new tender regulations saying the deposit of insurance certificates against performance would have to cover 25 per cent of contract value. Meanwhile, federally chartered U.S. banks among the chosen 45 have not been able to put up guarantees directly because they are permitted to do no more than give stand-by letters of credit. A change in Saudi law will be required to make them acceptable.

Time only will tell whether Dr. Gosalbi's initiative in distributing the power contracts directly was designed primarily to administer a shock or is meant to signify a real shift of emphasis towards Asian contractors. South Korea had already established a major foothold in Saudi Arabia and won acclaim for the vigour of its hired labour. A major selling point in the Gulf region as a whole has been its ability to mobilise a superb workforce willing to live in primitive conditions for little pay as well as excellent organisation and sound engineering ability.

India, Pakistan and Taiwan can also supply cheap labour but may not be able to emulate South Korea in other respects. There is a possibility that they might have to seek some assistance from the original bidders—a significant portion of the value of Hyundai's port contract is expected to be absorbed by American orders. In more sophisticated areas of technology such as telecommunications Saudi Arabia will not be able to find what it wants in non-Japanese Asia. Nevertheless, Saudi Arabia has given notice that, while it may be prepared to pay 20-50 per cent above the going international rates for projects 200-300 per cent is too much.

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As befits one of the great nations of Islam, the home of the holy cities of Mecca and Medina, Saudi Arabia is an exemplar to the faithful in its strict religious observance and generosity to its fellow Muslims. On these two pages JAMES BEDORE, of the Institute of International Affairs, reviews the political, economic and social structure.

Pillar of Islam

SAUDI ARABIANS believe that the Koran is the directly inspired, literal word of God, transmitted through the angel Gabriel to the Prophet Mohammed. It is a highly detailed, rigid and emphatic document that lays down a way of life to be followed exactly if heavenly paradise is to be gained. Indeed, Islam means "submission"—submission to the will of God as laid down in the teachings of the Koran. Furthermore, the version of Islam practised in Saudi Arabia (Wahhabi orthodox within the "no frills" Sunnite Hanbali code) insists that all interpretations of the religion must be based on the decisions of the Prophet, his companions, and the consensus of the Moslem communities by the end of the 10th century; everything thereafter is subject to possible distortion.

Thus Saudi Arabia is by far the most conservative and orthodox of all Arab or Islamic States. The only truly comprehensive, codified and generally accepted law in force is the Sharia (religious) code, meaning the "path to God." Only very recently has it begun to be supplemented by decree law, based on decrees of the King to regulate problems not remotely dealt with by Sharia law, for example, assigning frequencies for radio and television broadcasting. While the absolutist nature of Sharia law served a useful purpose in halting the anarchy that characterised 7th-century Arabia, the conflicts that arise from a 10th-century law code governing a society of 1,000 years later are immense. They cause considerable strain on a nation that has been generally sheltered from outside influences for centuries.

Shrines

Religion also gives the Kingdom important advantages in dealing with other nations. The two greatest shrines of Islam are in Mecca and Medina, the birth and burial places of the Prophet. Every Moslem must, if physically and financially able, make a pilgrimage to Mecca at least once in his lifetime. As "keeper" of these holy places, the King of Saudi Arabia exerts considerable moral influence over the large numbers of nations that have predominantly Moslem populations.

Political leaders of these countries frequently pause in the area to pray at the Great Mosque in Mecca; the King naturally meets them, thus spreading his name, picture and views on to front pages of newspapers and on television screens around the world. This moral leadership, coupled with Saudi Arabia's immense financial largesse to poorer Islamic States, and its previous relative non-involvement in the hotbed world of Middle East politics, has enabled it to exert great influence over present Arab leaders. There is a clear attempt just now to create the atmosphere on the Arab side whereby the Israeli-Palestinian question might be finally settled. It also permits a certain leverage when the Kingdom finds its views in conflict with allies—for example, the December 1976 OPEC 5 per cent vs. 10 per cent price rise decision.

Lack of manpower is one of the great deterrents to the Saudi attempt to modernise. The need to import half a million non-Saudis to help implement the \$142bn. Five-Year Development Plan is likewise one of the greatest threats to the Saudi way of life—outside influences in such huge numbers naturally tend to bring rapid social change.

It is ironic, therefore, that

members of the royal family decided in the early 1960s that King Saud had to be deposed if the Kingdom hoped to be spared financial ruin and continued inept government. Crown Prince Faisal refused to depose his brother and assume the throne until twelve of the most distinguished members of the Ulema issued a formal legal decision condoning the change as a legitimate legal necessity to the survival of the nation.

The importance of the Ulema may be in decline, however, due to their reticence in finding or sanctioning interpretations of Sharia law that resolve the conflicts the modernisation process is imposing on increasing numbers of Saudis.

Religion is the great barrier preventing 50 per cent of the available Saudi labour force from working—the women of the possible 1m. Saudi women of adult age, the Plan estimates 27,000 of them were working in 1975 and that only 48,000 would be working by 1980. Women may not work in public places and are not eligible for Government scholarships for study outside the Kingdom. Schools for girls, only started in the early 1960s, are increasing in number but remain under the control of the religious Ulema rather than the Ministry of Education. Curricula tend to emphasise religious values and the "proper" role of women. Ironies abound. Women are now permitted to study medicine at the University of Riyadh (eventually to treat women patients) but are not permitted in the same room with a male professor; all classes are via closed-circuit television. Teacher-training classes are operated the same way. The fact that women are not allowed to drive a car requires husbands to leave their job in order to deliver their children to and from school (bus services are almost non-existent and the "neighbourhood school" concept is not practical at this time).

Religious restrictions concerning usury inhibit the whole banking sector of the Kingdom. Commercial banks bend the law and charge a "commission" rather than "interest," and pay around 2 per cent per annum to depositors holding not more than \$8,300. The Saudi Arabian Monetary Agency (the central bank) or other Government bodies, however, cannot legally accept interest on money they lend.

Ingenious twists and turns of the law thus have to be tried, always with a degree of risk—the courts may strike down anything smacking of usury. The new Islamic Development Bank, for example, headquartered in Jeddah and capitalised in great part with Saudi money, is to be run on Sharia law principles. The Director of a Bank has announced, however, that only perhaps 20 per cent of its business will be in "interest-free" loans. The remainder will likely be in the form of "free" or "limited" partnerships. If a lender becomes a partner, he or it can legitimately, under Sharia law, accept part of the profits of the enterprise!

Such machinations within business life in the Kingdom are common and are exacerbated by the lack of corporate law code. Attempts to formulate such a code have so far failed.

Other religious factors affecting business life include the right of any person to appeal

Authority

The King has all executive authority and fulfils three different roles. The first two, "Sheikh of Sheikhs" and "Imam," are traditional ones that permit him to function as leader of all Bedouin tribes and as religious leader. He thus becomes the court of last resort for matters both temporal and spiritual. The two positions impose duties which if the King fails to fulfil can bring his downfall; such duties include maintaining virtues such as courage and generosity, enforcing Sharia law and spreading the faith. The last places considerable pressures on any Saudi monarch not to be seen to be "giving in" on issues concerning the Israeli-Palestinian conflict. The question of who governs the city of Jerusalem (containing the third holiest shrine in Islam), for example, is a direct challenge to the King's role as Imam and a possible threat to his position.

The third role of "King" (Malik) is the much more modern, a civil one created when Abd al-Aziz unified the Kingdom in 1926. All the roles of a modern government leader are placed upon the monarch, including those of Chief of State and Commander-in-Chief of the Armed Forces. In this role he appoints a Council of Ministers (Cabinet) to assist him in governing the nation. The Council has so far been heavily loaded with royal brothers and other princes.

The Council's decisions take the form of recommendations to the King, who issues them as decrees. Decree law has not been codified, however, and there is no unitary judicial system to enforce it as there is with Sharia law. It is thus administrative law open to endless delay and varying interpretations in different parts of the country.

While the formation of a "consultative assembly" to bring younger, non-royal citizens of the Kingdom into the decision-making process was announced by Prince Fahd in 1975, nothing has since been implemented. This may be due in part from pressure exerted by both certain sections of the royal family and the Ulema, the chief religious leaders who serve as the link between the King (as Imam) and the people. They are charged with maintaining the purity of the faith and enforcing observation of the Sharia law. They tend to act as a conservative force on the Council of Ministers' attempts to modernise the Kingdom.

Their many marriage connections with the royal family, plus their religious role, give the Ulema great influence, one that would tend to lessen if younger and non-royal citizens were brought into the process. The political power of the Ulema was demonstrated when

Social morals

The life of a woman is legally worth exactly one-half that of a man's—for example, in the case of accidental death in a motor accident where a third party is at fault and is paying damages.

Home

The role of women remains in the home. They are to bear and rear children and serve their husbands. This role is reinforced by considerable official concern over the Kingdom's small population. Birth control contraceptives have not been allowed to be sold in the Kingdom since the 1974 census and the nation now pays family subsidies for all children born.

Women are not to be seen or heard outside their homes. While the practice of the veil was originally merely a pre-Islamic social custom subsequently used by rich urban Moslem women as a sign of status, it has, over the centuries, become entangled with religious doctrine. No respectable Saudi female will venture out publicly without being swathed from head to toe in a large black cloth.

It is true that the veils are becoming much sheerer in texture and that one can now often actually see the faces of teenage girls in the market and streets, but to change attitudes it will take generations, and great efforts in education. Ninety per cent of Saudi women remain illiterate and there is an increasing problem of educated men finding them—self "outgrowing" an arranged marriage to an uneducated partner. Educated Saudi men have been finding educated

wives in Egypt and other of the Middle East for decades. The arts generally have been retarded by the Saudi v of Islam arising partly from injunctions of the Koran a human imagery in any form the original teaching of Wahhabis that even singing an evil influence that distorts the thoughts of the mosque at Mecca and in even places of worship (to be drab and undecorated, no paint or ornament. Archaeology has suffered as it was thought any items produced before founding of Islam could little interest or worth.

All this is changing but a continuous battle. Just the telephone (not very years ago) was originally considered by some to be invention of the devil and proved it could turn the words of the Koran, radio and television (nothing images of the human form) have now won their into Saudi life; they are a huge impact on society.

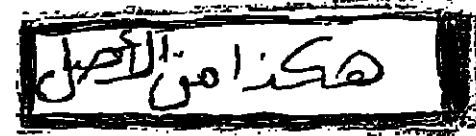
Public cinemas are banned but Saudi, the Government, began showing films on its international film in 1976. At least one is already being constructed, but to change attitudes it will take generations, and great efforts in education. Ninety per cent of Saudi women remain illiterate and there is an increasing problem of educated men finding them—self "outgrowing" an arranged marriage to an uneducated partner. Educated Saudi men have been finding educated



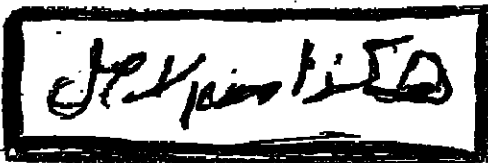
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The pilgrimage



Pilgrims at Jeddah Airport.

to the extent that it is not even used for medicinal purposes. While this too has its hilarious side (inspiring home-brewing and expensive smuggling) it can also be tragic.

A young air force pilot, extensively trained at huge expense, had a motor accident last year, and while not hurt was taken to a hospital by the police for a blood test. The presence of alcohol was confirmed and the young officer's career is now finished. Ironically, the result has been that military hospitals now refuse to give blood tests for such cases, pleading lack of time, space and facilities.

Such examples of bending and twisting the law are common. Because penalties for some "crimes" are so severe, those in authority seek ways to avoid enforcing the law.

Judicial

This is not the fault of the judicial system. The method of law enforcement, while harsh by Western standards (for example, floggings for "minor" crimes, cutting off a hand for repeated thieving, beheading for premeditated murder) seems to work well for Saudi society and has much to commend it. The system works fast, it is very open to scrutiny and sentences are carried out publicly, usually in the square in front of the mosques after noon prayer on Fridays.

Whether because of such severe punishments or the general religious belief, the crime rate is very low. Because of the underdevelopment of the banking system, for example, people routinely carry very large amounts of cash and may keep thousands of riyals at home, with no fear as to its safety.

Many of the above problems are clearly not strangers to any society. Other religions and nations, including most Islamic States, have been confronting and answering such questions for centuries, slowly evolving their social, economic and political practices and reconciling them with religious doctrine. The dilemma for Saudi Arabia is that it has postponed such evolution and now, influenced by outside forces it can no longer keep at bay, must confront many such questions simultaneously. The strains of resolving so many questions quickly, bound as they are in tradition (and perhaps everlasting Hellfire or Paradise) is the most unsettling topic on the Kingdom's agenda of modernisation.

IBRAHIM TOURÉ is a many it is the greatest of a remote tribe in a experience of their life. African bush village. He consulted on village matters Jews, Shinto and members of use he is old, and age other great religions of the ves respect. The fact world have shrines, be they he is esteemed more Canterbury, Masada, Angor or y than other elders Burobadur, and many have he same village, how- historically experienced pil- is because he is Abou grimages of great size and im Touré El-Hadj; he has equal religious fervour, only the great pilgrimage to Islam continues the tradition of a, has fulfilled the fifth and mass pilgrimage on an annual enet of Islam and is thus basis in the modern age.

Modernity is a double-edged sword. Charter flights and the internal combustion engine have made the pilgrimage possible for millions who could not attempt it before. From the 7th century until 1945, a pilgrimage numbering 50-60,000 would have been huge. A combination of factors has brought enormous increases.

Year	Non-Saudi pilgrims
1945	37,630
1950	107,652
1955	232,971
1960	253,269
1965	283,319
1970	431,270
1971	479,339
1972	645,182
1973	607,755
1974	918,777
1975	894,573
1976	719,040

All converge on the holy city of Mecca, a small town where non-Muslims are forbidden, and only 45 miles from the large Red Sea coast city of Jeddah.

Migration

to the fifth "pillar" of faith, a great migration is motion each year. During 12th month of the Islamic year, nearly a million of every race and colour of donkey carts or trains, or aircraft and start for and the holy Kabba, the stone which they will in ritual prayer. Between 12th and 13th day of the pilgrims must be er, each clothed in a white garment that die- his station or material in life. All pray and ip together, culminating Id al-Adha, the Feast of ce. It is a momentous at occasion for all; for

Year Plan allocates an average of \$280m. annually to help it do its job. Additional millions have been spent on airport and road extensions, "pilgrim city" housing projects and purchases of fleets of buses to transport hadjis. The great mosques of Mecca and Medina (where the Prophet is buried) have also been enlarged and refurbished.

Crammed

The pilgrimage tends to affect everyone in the Kingdom. All roads from every direction are crammed with traffic as crowded buses converge from Turkey, Syria, Iraq, Iran, the Emirates and the Yemen. Ports and airports are jammed. Jeddah airport cannot handle the load (up to 120 planes arriving daily) and some pilgrims must land in Dharhan or Riyadh and then make the 15-20 hour bus trip across the desert to Mecca. Passport offices grind to a halt because personnel are needed to process pilgrims and, since everyone needs exit as well as entry visas, many non-Muslims cannot move out of the Kingdom for a holiday, even though they wish to do so. Health services are pressed as doctors report to Mecca and all offices, both Government and private, close for a 7-10 day period. Within Jeddah, thousands sleep on the streets and the congestion is immense.

The problems associated with the Hajj are both traditional and modern. First is the fact that the pilgrimage cannot be spread out over the whole year. While most pilgrims remain in the Mecca-Medina-Jeddah area for 20-30 days, all of them, in order "properly" to fulfil their pilgrimage obligation, must be in the same place at the same time during a four day period. The housing, food, health, sanitation and travel arrangements associated with this requirement indicate an absolute eventual limit on the number of pilgrims allowed, a fact the Government has not been willing to air publicly. While the Kingdom can now control the robbery and violence that victimized pilgrims in days of old, it cannot do enough to change the stories throughout the cen-

turies documenting great decimations of pilgrimages from disease and other disasters. In 1974, a group of Nigerians, although having "valid" health certificates, brought in cholera and an outbreak killed at least 28 pilgrims. In 1975, a fire caused by an exploding gas cooking bottle in the midst of one of the huge tent cities on the Plain of Arafah killed 138. Both incidents could have been devastating and the best attempts and millions of riyals spent by the Kingdom (e.g. hiring fire-fighting helicopters to stand by for possible duty in 1976) cannot ensure safety for so many in a confined space for so long a time.

Second, while each pilgrim is now strongly encouraged to bring a minimum of \$400 (in addition to travel costs) to feed and shelter himself during the 90 days he is likely to be in the Kingdom, the country itself has encouraged more pilgrims by indirectly subsidising the Hajj. Soaring prices caused by a 40-50 per cent inflation rate within the Kingdom help to account for the relative drop in the number of Hadjis last year, but much has been done to encourage those who wished to come. Major factors are low cost housing (pilgrim's fees are assessed on quality of housing or tent and the distance one has to walk to the "major" attraction or transportation point); cost-control of the families who live permanently in Mecca and have often traditionally charged huge prices during Hajj time as they served as guides and hosts to pilgrims; and low cost or free bus travel, even though the 2,000 coaches bought for this purpose remain idle for the remainder of the year.

Praised

The Kingdom is justly praised for the great and generally excellent organisation it brings to the Hajj endeavour each year, even though its human resources are stretched to the limit even without the pilgrimage. One can sympathise with its desire, as host country to the two holy cities of Mecca and Medina, to encourage and aid fellow Moslems attempting to

fulfil a religious obligation. The commandment is one that could only be solved by a modification of tradition, extending the Hajj period throughout the year or, minimally, reforming the calendar. Such decisions, however, are fraught with internal political and social dangers of a severe kind and so have not been publicly discussed.

A third problem involves the weather. The Islamic calendar moves forward 11 days each Gregorian calendar year. In 1976, the pilgrimage (12th month) was in December, when weather along the Red Sea coast is fairly tolerable. In a few years, however, the cycle will bring the pilgrimage time into the Gregorian equivalents of April-September, when temperatures can exceed 45 degrees C daily and humidity is often over 90 per cent. Also, television first broadcast parts of the Hajj to many Moslem countries in 1974. It had a great emotional impact and is encouraging even greater mass participation.

Thus present huge Saudi revenue to subsidise the Hajj, good weather, TV publicity, better road and transport systems, lack of war and relatively increasing prosperity or lower travel costs in the less-developed countries of the Middle East, Africa and South-East Asia that tend to characterise predominantly Moslem countries, have all combined to make the last three pilgrimages dangerously large. For all the problems, the Kingdom benefits in other than spiritual ways. It gains stature among large groups of nations with heavy Moslem populations by maintaining a well-organised and "open-door" pilgrimage. Gone are the days when the largest part of the royal

exchequer. Considerable political capital is made, with no effort, by serving as host and guardian to the holy places, for example, three Heads of State participated in the 1976 Hajj (Sudan, Mauritania and the Arab success in persuading some 15 African countries to break diplomatic relations with Israel in the 1970s was certainly in part motivated by the heavy Moslem populations in those nations).

The Hajj has also served as a venue to exchange experiences, ideas and knowledge throughout the Moslem world. Pilgrims bring carpets, brass, silver and other handicrafts which they sell in the great place.

Social

CONTINUED FROM PREVIOUS PAGE

machines, per capita, than anywhere on earth. Renting a film or obtaining the latest cassette from your tape club for showing to dinner guests remains a primary entertainment within the Kingdom. Another favourite is taking the family for an evening drive, stopping to sit on the pavement and watch the world go by.

Modes of dress for both men and women continue to cause concern. Many young Saudis, seeing Westerners on the streets, in magazines or on television, opt to be "modern" and change the traditional style. Platform shoes show beneath men's thobes, headgear is set at raffish angles and tight-fitting trousers are increasingly popular.

As early as 1967 King Feisal was issuing strong statements deploring dress "repulsive to

open markets at Jeddah in order to finance their food and shelter costs. Some stay on to settle in the Kingdom, an increasing problem as most are from poor countries and can easily see great wealth now available within the Kingdom. Nonetheless, cultures intermingle and ideas and opinions spread. The process has gone on for 13 centuries, uniting and strengthening Islam.

Thus the Hajj, the (for most) once-in-a-lifetime trip to Mecca, has social, economic and political as well as spiritual effects. The high priority given to ensuring its annual success reflects the traditional Islamic values of the Kingdom in which it takes

Social

CONTINUED FROM PREVIOUS PAGE

decorum and inconsistent with Islamic ethics." In 1976 the Ministry of Interior waged war on long hair styles for men and sent inspectors to all Government departments to ensure that male civil servants had the proper cut underneath their head-coverings. There were a few incidents of the mutawana (religious police) stopping young men on the streets and clipping their locks on the spot. Such incidents, isolated but persistent, bring contempt for the Ulama and cause general gossip and hilarity, especially among young people.

Prohibitions against smoking are now most except during the fasting month of Ramadan. Such bans were in fact never enforced outside the central regions where Wahhabi influence was strongest. The absolute ban on alcoholic beverages continues, however, modernisation.

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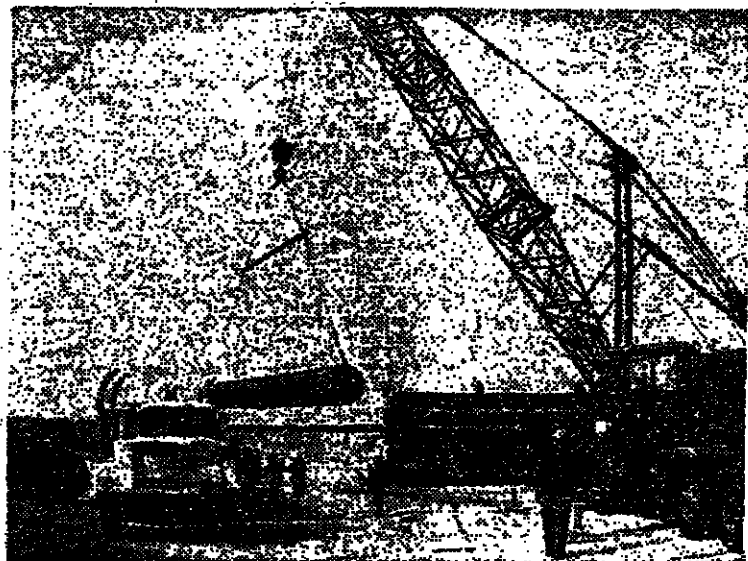
Saudi Arabia wants to keep oil price rises in perspective.

Why?

In the last three decades or so of this century, there are few other subjects besides oil which are likely to have more importance and more impact on the day-to-day lives of ordinary citizens around the world.

Since the events of 1973, the complex problems of energy – both its price and availability – have been constantly in the public gaze. And, as the recent OPEC talks highlighted, these problems are inescapably linked to oil policy decisions taken by Saudi Arabia.

So why then is Saudi Arabia now anxious to keep oil price rises to what might be regarded a more reasonable level?



Any government whose income is largely derived from a depletable natural resource is faced with the necessity to equate the present with the future. In Saudi Arabia's case income used by the present generation is, by its nature, denied to future generations – which is why the use of oil as a base for the economic development of our country has been at the core of Saudi Arabian international policy for some time.

But our development also relies to a great extent on the economic well-being of the West as a whole. So we are the first to recognise that inordinate increases in the price of oil could have an adverse effect and could harm the West's economic recovery – which Saudi Arabia regards as essential in maintaining an equitable balance between oil producers and oil consumers. While we consider some increase in oil prices as fair and reasonable, we have no desire to disrupt the international economic system or, indeed, to price oil out of its markets.

Dearer oil can and does have a detrimental and direct effect on our own economy besides the more obvious benefit of increasing Saudi Arabia's income. It is a major ingredient in fuelling inflation in the oil consuming countries; inflation which is then exported back to Saudi Arabia in the form of higher prices and costs for the goods, technology and services which we buy from the West.

It can also have a debilitating effect on our own financial resources. For a long time, Saudi Arabia has been producing far more oil than we need to meet immediate expenditures. As a result, large cash surpluses have been created which have to be invested abroad – where they are exposed to this same inflation and unfavourable exchange rates.

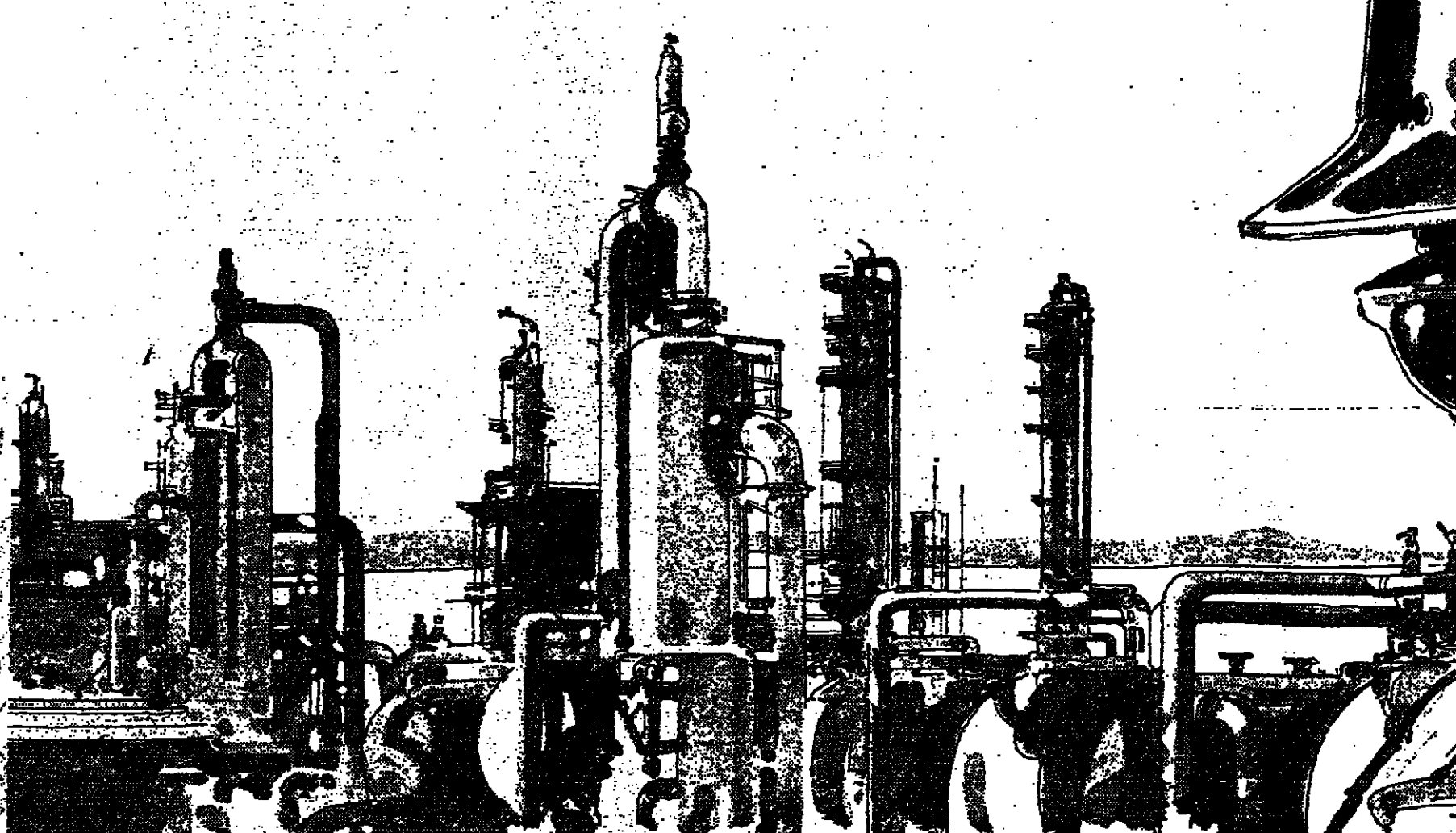
Most important of all, a stable international economic system is vital to Saudi Arabia's programme for industrialisation, the only long-term answer to the inevitable depletion of our natural resources, by moving our economy away from its exclusive dependence on oil into other fields of economic activity.

In return for a rational and sensible oil policy, Saudi Arabia wants the industrialised nations to provide a real transfer of technology which will be the central plank of our future growth. Not that we expect – or even wish – such a change to happen overnight. We are all too aware that too rapid a development programme could endanger the social and cultural system which we value very highly. There is a thin dividing line between creation and destruction, and we are determined to maintain the desired balance.



We therefore have our own clearly-defined economic goals; the oil consuming nations have theirs. What Saudi Arabia has done – and will continue to do – is to recognise the dependent links between the two, and to consequently strive to ensure that decisions taken on one side do not adversely affect the other.

In short, your development is our development. It is in all our interests to see that we progress together.



NORTH

SAUDI ARABIA XII

Growth of trade with the Middle East following the oil crisis has created major opportunities for shipping services, especially the more sophisticated forms of freight transport like roll-on, roll-off.

Shipping

ONLY 75 years ago the basis of the cargo liner services to the Gulf, which started in 1892, was coal. That was the year the late Mr. Frank C. Strick loaded a collier in South Wales and moved coal to the Gulf ports so that the small vessels trading up from Bombay did not need to bunker at Bombay for the round voyage.

To-day bunkers no longer pose any problem—except their cost—and more than 100 shipping companies are involved in services to and from the Gulf. The influx of new services to the area in the past two years should level-off by the end of the year and in 1978 the shipping industry will begin to feel the effect of Saudi Arabia's inability to absorb any further growth in imports.

At present, however, the effects of the huge increase in oil revenues in the past year are still to be seen in the wide variety of cargoes moving into the area in containers, on pallets, on chassis or in the simplest form of break-bulk.

The Middle East generally and Saudi Arabia in particular, remains the centre of attraction as far as roll-on, roll-off shipments are concerned and the ultimate development in this sector is undoubtedly the entry into service of the 22,852 d.w.t. "Seaspeed Arabia" built in Japan for regular service between that country and Saudi Arabia (Dammam) as well as Dubai and Bandar Shahpour. The new 22-knot vessel does the round trip Japan-Middle East-Japan in 35 days compared with the 70 days of a conventional ship—and this timing includes loading and discharging.

Most of the ro-ro vessels serving Saudi Arabia are in the 4,000-10,000 d.w.t. category and the freight rates reflect the cost of utilising these small spec-

ialised ships. The alternative to the ro-ro is the large towed barge and several companies have introduced this type of service. A service of this type is operated by the Euro-Arab Sea Trailer Line (EAST) and involves a towed triple deck barge which can carry 266 trailer-mounted containers (each trailer 12 metres in length) with a loading time at Marseilles of eight hours. The barge is towed through the Mediterranean and the Suez Canal for discharge in eight hours at a special ramp at Yanbu. Another container barge operation has been introduced by Gulfspan Limited, from Genoa to Jeddah via Piraeus using an 11,000 d.w.t. 478-container barge towed at ten knots by a 5,600 hp tug. Gulfspan's barge carries the full complement of containers in five tiers.

Jeddah will soon be served by another giant barge operation, the unit in question carrying 352 TEU containers. The company involved is the London-based Anglo Arab line which employs the 17,000-ton barge "Giant 1" towed by the Smit International 6,000-hp tug "Smit Enterprise". The U.K. loading of the barge with a mix of trailers and containers is at Ramsgate and the loading and discharge time at Marseilles and Jeddah will be 48 hours. Transit time for the tug/barge operation is expected to be 19 days.

The tug barge system has many attractions including the lower first cost of such an arrangement. The operating costs are also lower than with a conventional vessel of the same carrying capacity. A typical through bill of lading from most points of origin in Europe to destinations in Saudi Arabia is approximately 17 days.

In observing the Arab com-

munity there is a special quality that stands out among the others and that is the unique bond of brotherhood that unites Arab countries. This bond can be seen in the ambition to become a part of the world shipping scene and what better place to start than in their own backyard.

Just over one year ago the Gulf States formed the United Arab Shipping Company with a capital of approximately \$1,695bn. and it is estimated that by 1985 the Arab fleet will have grown from the present figure of 800,000 tons deadweight to nearly 7,000,000 tons deadweight.

Anxious

The growth of the Arab merchant fleet is another factor to be considered when forecasting the shipping requirements in the area and international shipowners are anxious that the Arab participation will not be inextricably coupled with restrictive trading developments.

Currently, vessels in the fleet of the United Arab Shipping Company (UASC) serve the Far East, the North Continent, the Indian Ocean and the Mediterranean. The UASC is a new growing force in world shipping and with the re-opening of the Suez Canal it will have a substantial impact on the amount of cargo carried by non-Arab lines. An added advantage is that unlike the vessels of the conference lines the Arab ships can call at the Gulf ports on either outward or inward voyages.

For the larger non-Arab shipping companies the long-term opportunities to provide service will continue to exist providing there is the necessary degree of co-operation. At present the

situation is one of expansion and this is reflected in the extra shipping facilities offered in the past few weeks.

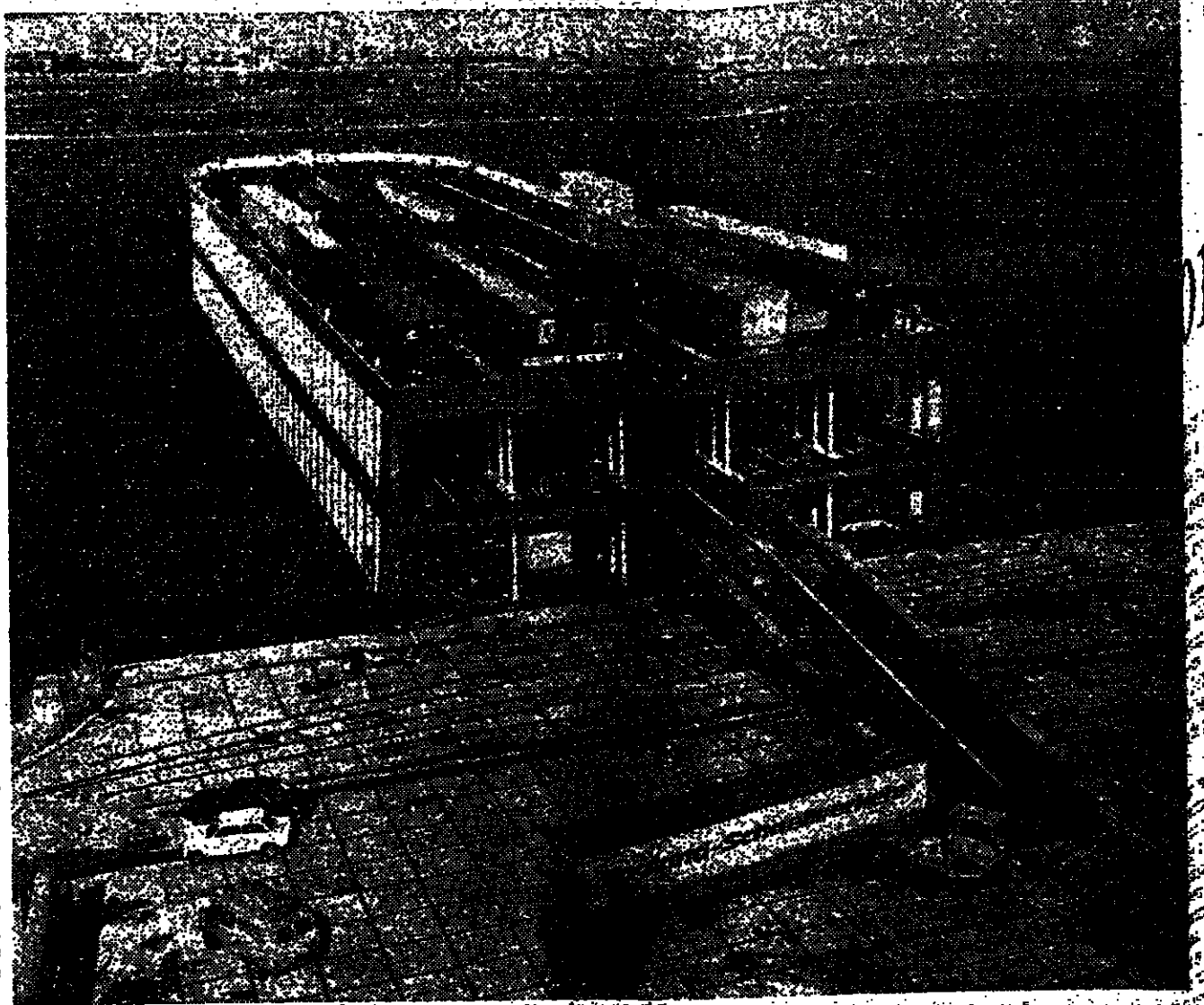
The P & O Strath-Ellerman group has added a Tibury (London) container call to their successful joint U.K.-Arabian/Iranian Gulf cargo service. This extension to the service comes two weeks after the start of the Liverpool-Dubai/Muthah container capability.

Early in 1976 the Cunard Arabian Middle East Line (CAMEL) was inaugurated with calls at Rotterdam on average every 28 days. This service now includes Hamburg as a second loading port. Felixstowe is the loading port in the U.K. for the CAMEL service.

At present the service is provided by the 6,500 d.w.t. Strider-class "Jeddah Crown" to be joined very soon by the "Aqua Crown" and then by the "Saudi Crown" in mid-summer. More than 3,000 containers have been carried in the first nine months of the CAMEL service and cargo has included high quality cars, foodstuffs, cement and dismantled houses. The company is a wholly owned subsidiary of Cunard.

A month ago Ellerman City Liners ordered two 4,300 d.w.t. mini-container ships in the U.K. with the possibility of a further four vessels for the company's U.K. - Europe - Mediterranean - Middle East service.

Growing interest by Western shipping companies in the operation to the ports of Saudi Arabia is reflected in the container services introduced by the Recon Line (Brostroms) and the NSU Group. Moreover, both the NSU Line (Holland) and the DDG "Hansa" (W. Germany) have ordered large ro-ro vessels for services to the area. Recently, Seatrade, Inc., of the U.S.A. started a Rotterdam-Gulf container service and the



A three deck barge being loaded at Marseilles, can carry 266 trailer-mounted containers, is towed through the Mediterranean for discharge at Yanbu.

Russian-owned Baltatlantic Line now operates a direct ro-ro service from New Orleans to the Gulf.

In April the first ship of a new U.K.-N. Europe Gulf service will commence loading. The break-bulk service is offered by the newly-formed Eurabian Line which plans a monthly service out of the Continent and the U.K. to initially, Muscat, Muthrah, Abu Dhabi and Dammam. Vessels will load at Antwerp, Rotterdam, Bremen, Hamburg and Hull and the first ship will be the 8,300 tons gross "Newtide".

Although in the short-term Eurabian will be outside the U.K. Arabian and Iranian Port Conference, of which the chairman is Mr. Alan Hatchett (managing director of P&O Cargo Services Ltd.) the company has stated that its objective is not to operate against it.

One of the features of shipping developments in the Gulf services has been the introduc-

tion of unconventional designs, break/bulk service between Gulfs—and at least 15 lines are non-conference.

To serve Saudi Arabia shipping interests is to be vate and in some instances share experience. A modest beginnings to liberty to adopt more ventional approaches to ing at the Financial Shipping Conference in last year, Mr. Sweeny managing director of Shipping referred to at particular development of erecting concrete and steel structures and offshore of Saudi Arabia is much more than loads from A to B and ment of complete price by sea is becoming m-

Third

From Marseilles, Valencia, Leghorn and Marina de Carrara, the Navale et Commercial Havraise Peninsulaire (NCHP) has placed a third vessel in the sea-ports from Middle East to Jeddah. This means that countries to Singapore, Thailand, Malaysia, Philippines and Indonesia amounted to nearly 750 linear metres or 200 TEU \$3,000m. Despite the dis-

Break bulk cargoes continue shipping in the area and it is significant that there are more than 20 lines out of Singapore to expand its container and to the Arabian and Red Sea

W. D.

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SAUDI ARABIA XIII

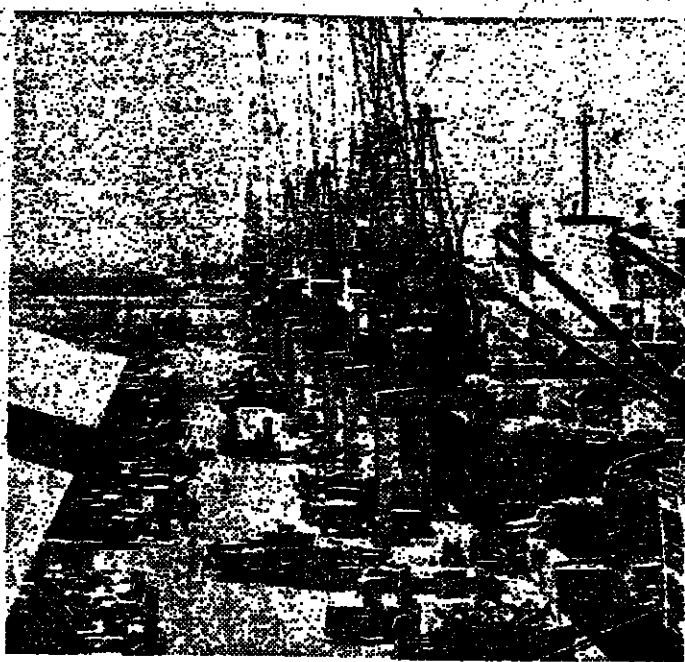
The acute congestion at Saudi Arabia's two major ports has been solved over the last two months. The number of berths at both Jeddah and Dammam has been increased and harbour administration improved.

Port developments

THE SIGHTING of lights from the sea has become a familiar sight at Jeddah's night sea as the ships have melted away in the last few weeks. The ships have weighed anchor and left and others have not been replaced in the month since which last month's congestion was eased. Almost miraculously it seems, the congestion at both Jeddah and Dammam ports has been completely cleared in the past two

months last year. The congestion was caused by some 100 ships at anchor outside the port, facing a four to five day wait and surcharges which varied between 50 and 100 per cent. Dammam, which is the annual build-up port at Jeddah by pilgrim traffic, was rather less affected. Nevertheless, rising ships faced more than two months' wait there, and 50 per cent. surcharge. The government agreed to pay demurrage charges on selected commodities; last autumn this cost SR10,500 per vessel per day for chartered ships.

The situation needed to be cleared from all angles at once, and the Government must be given credit for taking the task seriously. Construction of additional berths was an important need which benefited especially the port of Dammam. There a number of berths increased from 13 last May to 22 in use port by last May to 22 in use port. This increase had, of course, been initiated long before the major congestion at Jeddah port was less favourably situated. It came under the responsibility of the Ministry of Communications but with the General Railroad Organisation, responsible for Dammam other ministries responsible for the working of various sections of it. In September the Minister of Industry, A. last year a Ports Authority was set up for the addition of 18



General cargo berths at Jeddah.

further berths was awarded in June last year. Dr. Fayez Badr, President of the Authority, immediately assumed control of Jeddah port and is gradually taking over in Dammam. The authority benefits from the fact that it is not restricted by the financial and personnel constraints which apply to the work of a Ministry. Dr. Badr, who was previously Deputy Minister of Planning, is an active president who has tackled the ports' problems with energy and determination. He has been able to badger and cajole importing merchants into clearing the immense piles of their goods from the quays and warehouses in the port by the threat of public auction of anything not promptly removed. Announcements in the local Press have advised importers in advance of the discharge of cargoes, and recent regulations have been issued to establish a tighter control on container traffic. Old hulks, which were happily earning demurrage at the back of the queue, have been banned. Dr. Badr's mandate was to clear the congestion in Jeddah port by the end of March; he has exceeded this by well over a month.

conventional ships by five to one. Now that surcharges have been cancelled and waiting eliminated, importers are likely to turn again to the cheaper conventional shipping, and this could place a renewed strain on port facilities.

Dammam and Jeddah have been granted the lion's share of expenditure appropriations for port expansion. At Jeddah, under a contract for the second and third phase worth a total of SR442m., Archirodon of Greece is providing seven new berths. Another SR371m. is being spent on building of another 20 berths by the same Greek company, Skanska of Sweden and Grands Travaux de Marseille. At Dammam the main project costing SR3,980m. for 16 new piers (bringing the total to 37) is being undertaken by the consortium made up by Philip Holzman of West Germany, Archirodon of Greece and Interbeton of Holland under a contract awarded last summer. This expansion also includes the dredging and deepening of the approaches by Hollandsche Aanneming Maatschappij BV of Holland and Dredig International-Begynvest of Belgium, as well as a similar scheme for small craft (SR123m.) and electrification of the port by Hawker Siddeley Power Engineering of the U.K. (SR110m.).

Anxious

The Ports Authority is responsible for all facilities in the Kingdom and is anxious to see the load shared as a hedge against possible congestion in the future. Jubail's commercial port is being expanded under two more contracts of SR1,040m. awarded for the dredging and reclamation to Adriaan Volker of The Netherlands and another of SR3,320m. to the same Dutch company in conjunction with Hochtief of West Germany and the Lebanese concern CCC for berths, including two for containers. Hyundai of South Korea last summer won the SR3,280m. award for the facilities which are to serve the Jubail industrial area, with another Netherlands company, Dutch Stevin, preparing the sea-bed and shore at a cost of SR1,440m.

Credit

Much of the credit for clearing the congestion in Saudi Arabia's two major ports must go to the British companies who, early last year, were awarded management contracts: Gray Mackenzie for Jeddah port and Gulf Port Management Services (a joint venture of Marsay, Docks and Harbour Company and Scythians of London) for Dammam. These companies have brought in their own staff, increased efficiency and working hours, and helped raise the discharge rate to 20,000 tons per day in Dammam and 28,000 tons in Jeddah. By January this year Dammam was in the unusual situation of having six berths empty at a time; the only ships waiting to unload were those carrying cement, and the rest of the cargo, which had become available unexpectedly early, than docking space. A similar problem arose in Jeddah in February when ships carrying 11,000 cars were ready to unload and caught importers unaware. Congestion surcharges at both were removed in the early part of this year.

Before these halcyon days dominant in the design and urgent measures had been taken in Jeddah the cement in crisis was alleviated by a contract with Carson Helicopters White, Wolfe Barry and Partners of the U.S. to unload 2,000 tons per day by helicopter. Since last summer four William Halcrow and Partners or five helicopters have hovered permanently over the port, like giant dragonflies. A trailing plume of cement dust, escaping from any burst bag and following the load, has become a familiar sight to sadden the merchants' hearts. But the helicopters work diligently, from dawn till dusk seven days a week, and unload 1,900 tons more than their target, if at a cost of \$185 per ton.

A massive increase in the rather expensive roll-on, roll-off shipping has contributed substantially to beating the congestion. When surcharges were running at over 30 per cent, roll-on was a competitive and infinitely quicker means of bringing goods to the Kingdom. Roll-on ships, berthing end on to a small quay space, could expect a 24-hour turnaround. Early last year roll-on shipping to Jeddah was still in its infancy, with some 20 vessels arriving monthly. To-day five times that number use the port, and in February they outnumbered

By Our Foreign Staff

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SAUDI ARABIA XIV

Despite accommodation problems foreign expertise is pouring into Saudi Arabia on short-term contracts. Life is boring, most have to leave their family at home but high wages and no taxation are the attraction.

Expatriate life

JO AND BILL usually spend the evening lying on the beds of the small room which they share, desultorily reading a paperback or a three-day-old newspaper, or listening to the cassette player. Their temporary home in Saudi Arabia is a prefab on a construction site on the edge of the desert. Outside there is sand and building rubble; inside they share a mess with a dozen other men, skilled labourers out on short-term contracts from England. They work long hours but are happy to do so, since it relieves the boredom of life in the camp. After three months they have home leave and a fare paid back to England. Their wages are about twice as high as in England and there is no taxation. They and most of their mates plan to return for a few more tours of duty in the desert.

Typical

They are typical of a new kind of British expatriate who has appeared in Saudi Arabia in increasing numbers over the past year: that is, the unaccompanied skilled worker. Employers have found increasing difficulties in transporting families to Saudi Arabia where housing is difficult to come by and where many wives are soon asking to be sent home again. They have opted for the "bachelor" worker who is kept happy by generous amounts of home leave, in inverse proportions to the comforts provided for him. A man with a good flat to himself may have leave once a year; those sharing with two or three others go every six to eight months; those living under more spartan desert conditions more frequently still. The trend has been reinforced by the recent ruling that contractors should provide accommodation for their own workers. In the past, Western expatriates usually expected to bring their families with them, and many still do. The strain on a man alone in Saudi Arabia is considerable for there are few leisure activities available to

him, no pub around the corner and virtually no female company. But families too have their problems and the greatest of these perhaps is housing. Rents rose very sharply up to about six months ago and have now levelled off to a plateau which is impossibly high for many. Two and a half years ago a luxury villa with five bedrooms and a garden cost some £12,000 a year to rent; to-day the same money might procure a small four-roomed apartment. Last year it would even have been difficult to find anything at all but rapid building and high prices have brought more housing on to the market and paying for a place is now a greater problem than finding one. Strict Government regulations on rent raising have now saved the tenant from a previous nightmare of finding his rent doubled or trebled overnight.

Despite accommodation problems foreigners are pouring into the Kingdom. The Five-Year Plan envisaged an additional 500,000 skilled foreigners and numbers to-day are already estimated at around 1.5m. The bulk of these are Yemeni labourers (perhaps as many as 1m.), followed by Egyptians (180,000), Sudanese and Indians (88,000 and 75,000 respectively) and 50,000 Pakistanis. South Koreans have recently joined the more traditional foreign labour as a result of large road contracts: 16,000 are already working in the country and another 8,000 are due to arrive shortly.

Westerners are also arriving in increasing numbers to take advantage of the work bonanza. The numbers of Americans have quintupled since 1971 and the near 30,000 present to-day is expected to double again in the next two years. The numbers of Britons have reached over 12,000, a more than 60 per cent increase over last year's figures. It is all a far cry from the scene described by an observer 44 years ago when the foreign population of the country was

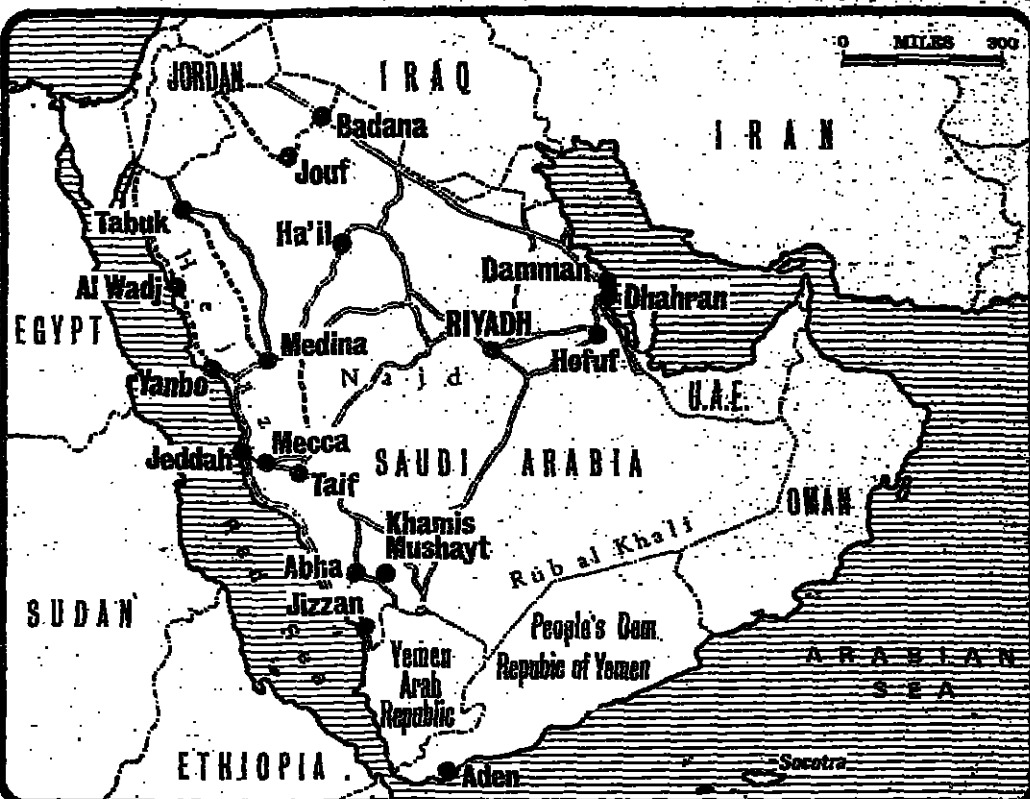
concentrated in Jeddah and included a European community of some 40 souls. There were 18 British at the time of whom three were women (despite his urging that women could very well tolerate the climate). Social life was restricted to an occasional bridge or supper party; dancing parties were rare, he remarked ruefully, because of the lack of partners.

Prices

Prices of goods and services on the other hand would have delighted to-day's foreigners, hard hit as they are by inflation: Mutton records was 5d. per pound, chickens 1/6 each, potatoes 3/4d.; a cook cost £5.10s. to £7 a month and other servants £4 to £5. The cost of similar items to-day is very different and has shown a sharp rise in the past two years. Mutton for instance has increased from 60p to £1.60 in two years, chickens from £1 to £1.30, potatoes from 17p to 40p; a cook's wages have risen from £125 per month to £250 and those of a house boy from about £80 to over £180.

Inflation in the Kingdom has been running at the rate of about 60 per cent to 70 per cent over the past two years and an apparently high salary can quickly be eroded. Westerners by and large are trimming their standards of living, reducing the number of servants to one or none at all in face of the increasingly high wages offered by companies who must have servants to run their bachelor messes. Fewer individuals have beach houses of their own, fewer treat themselves to new clothes or local antiquities such as silver daggers or bedouin jewellery.

Rising costs add to the aggravation of living in a country where it is difficult to obtain what one requires or to have anything repaired. Mechanical and electrical equipment give up the ghost rapidly in a hot, often humid environment, where there is no preventive



maintenance. One householder who went to get her washing machine repaired after two years' use was met with astonishment from the engineer that it could still be running at all after so long. Another switched on the washing machine in her new home only to plunge the apartment into darkness which it took three weeks to penetrate. She noticed that her neighbours had a piece of sellotape over their doorbell — to keep the sitting room light on or off.

Schooling can be a serious problem for expatriates. State schools are naturally all in Arabic and there has been no progress on the project for an international school in Jeddah, where there is currently place two years ago. While western schools have not yet reached the crisis stage of the Pakistani one which is now running three shifts a day, pressure on places is building up. Jeddah has two English language schools: the

dab Prep. and the Parents Co-operative School. The former, founded by the British and Dutch communities in 1967, follows an English primary course and takes children to age 12. Two years ago it had about 100 pupils; to-day there are 269 and many have to wait for places. So far English and Dutch children have not lost more than one term's schooling but children arriving in Jeddah now cannot be promised places for the autumn. Fees are over £1,400 per year.

The Parents' Co-operative School follows the American system and takes children to 14 years. It has 1,200 pupils and has recently opened a new section to the north of the city where there is currently place two years ago. While western schools have not yet reached the crisis stage of the Pakistani one which is now running three shifts a day, pressure on places is building up. Jeddah has two English language schools: the

1,000 pupils and fees are currently £1,750 per year and expected to rise. There is also an entrance fee of £165, payable on joining.

Schooling

Keeping children happy can be as much of a problem as finding schooling for them. Family life is traditionally lead within one's own home and gardens are surrounded by high walls, children do not go out to play in the street and parks and playgrounds are still only at construction stage. Children and their mothers often suffer from loneliness and isolation, aggravated by the lack of public transport and the fact that women are not allowed to drive. Taxis are available at around £75p per trip but women alone are theoretically forbidden to take them, there is always a hassle over the fare, and it is not safe anyway to take a taxi

after dark for women and children. Western women often find their position difficult in other ways, living in a society whose own women are still relatively secluded. They find that unless they adopt long dresses they are subjected to some embarrassment in the streets; they may have to wait in shops while a man coming from behind will be served first. If they work in offices they may have to be kept out of sight since theoretically women should not work where there are men.

Nevertheless opportunities for women are very good in Saudi Arabia and a large proportion of expatriate wives have remunerative jobs or pursue some lucrative art or craft. The demand for labour is high and the competition low, so that women often find they have better and more interesting work than they ever had at home. Husbands, too, are more willing to see their wives go out to work when the wage packet is high and tax free, and the alternative may be a lonely bored wife cooped up in the home.

For many couples, their spell in Saudi Arabia is the hardest working of their life. Hours are long and the amount of work for many seems unending. The chance to put aside something for the future is an incentive for those who work on their own account to put in long hours, and many work simply because there is not much else to do. There are no theatres or concerts, only a few private cinemas, not many clubs and societies since it is only recently that these have been tolerated. Alcohol prohibited—and prohibitively at £50 a bottle of Scotch whisky, though for many privately distilled "Sadiq" ("Friend") is an acceptable, cheaper alternative which can be supplemented by home-made wine or beer. Restaurants generally are expensive and mediocre.

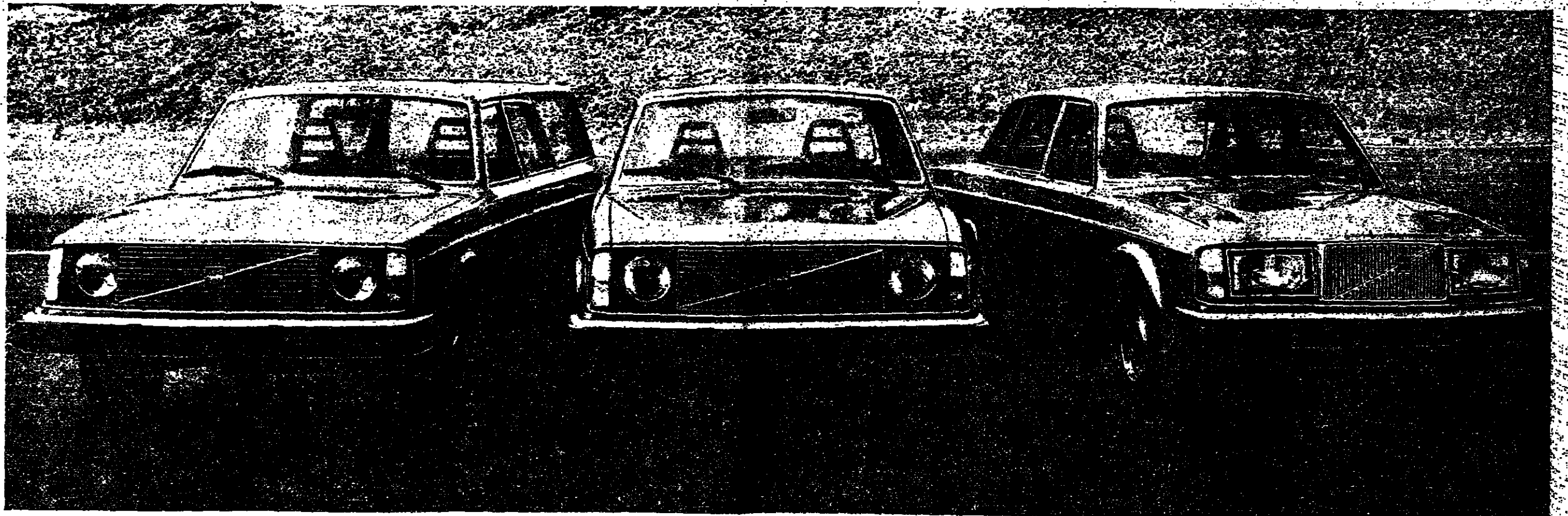
For those who enjoy the desert or the sea, the country offers excellent opportunities where warmth and sun are guaranteed. The summer months, however, are hot and active leisure on the Red Sea offers only the best coral reefs in the world for snorkellers and divers; those with access to a drive vehicle there is a considerable kind of desert which they can travel in perfect security. The security of the realm is able and its people are law abiding. The travel sleep under the stars in the desert without the householder has of a robbery in Saudi than anywhere in the world.

Roads

The only danger expatriate living in Arabia is on the roads, a number of vehicles: increased from 40,000 a year ago to 800,000 to-day. Driving standards are unpredictable that a vehicle available in England have an accident in which a killed will cost the "blood money" for the dead. A car insurance in Arabia obtained before the country is an investment. However, injured, Saudi and alike are likely to be headed by the police, fines and increased prison hospital, the chances of proper treatment. The hazards of the frustrations of life in Arabia are multitudinous and Bill, certainly der savings which they she back home.

Bryn W

Volvo in Saudi Arabia.



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For further information on Volvo's operation in Saudi Arabia, send your letter to head to: -The Marketing Manager, P.O. Box 1123, RIYADH.

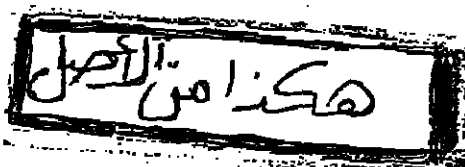
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Finding the right channel

John Sandles

EBC grew agitated about the future of the fourth channel. It was frankly frightened: the Tories thought it a nuisance; the Labour Party is pre-occupied elsewhere. It is the first hints of what is to come in the Annan Committee report on the future of broadcasting in Britain.

It is a more muted and less dramatic document than some feared, or perhaps hoped. It is a more radical proposal concerning policies for the future of broadcasting. The proposals are not as radical as those of the present structure of broadcasting, although a six minority group rebellion led by Mr. Tom Jackson, however, after its two years' deliberations about an alternative structure for the service but articulated expressions of concern, the report would contain a fascinating proposal for a new structure of broadcasting as it is, and might become. Each of the three main proposals has something like 15-20 per cent of written votes, and each has been subjected to a series of presentations by its authors and supporters to the public.

Even when the Annan Committee was set up for the second time (in 1974, the Tories had cancelled it before that) there were few who believed that either the BBC or ITV would be restructured to any major extent. Now there would seem to be a possibility of a restructuring of the use of the four channels will be implemented. This is partly because the Labour Government does not have the resources for such a venture and partly because any Tory Cabinet is unlikely to share Annan's enthusiasm for a fourth channel which would

seem to be remarkably close in structure to the American Public Broadcasting System but with a dash of education and a salting of advertising.

In making its recommendations for the fourth channel the Committee has completely

dismissed the ITV suggestion that Channel Four should be a TV-2. People like Lord (Lev) Grade were determined to win this extra vehicle. It has also vetoed the BBC's opposition to the setting up of a third authority—in Wales, for example, the BBC wanted an ITV-BBC co-operative to run a Welsh language channel.

That do not originate within their own organisations. This problem has become accentuated recently as the BBC and the ITV companies have gone through their respective cash crises (ITV appears to have emerged from its difficulties in that direction). When times are bad the companies obviously try to get as much done in-house as possible.

The evidence which the Association of Independent

source of income in U.S. television and in music in Britain without being intrusive. In the U.S., the Exxon Corporation might finance a two-hour film, or costume drama series, for no greater reward than to have its name at the start and end of the programme. On the television pages of the newspapers, however, the company will take large advertisements declaring that Lorna Doone or whatever it may be "is brought to you by Exxon." The idea is not that it sells petroleum products, but that it establishes the company as a "nice-guy" image of a corporation interested in culture as well as making money out of energy shortages.

It would not be surprising if the full report has some remarks to make about what it regards as covert sponsorship on British television. Some members of the committee appear to feel concern about sponsored sports meetings and the question of co-productions, particularly the relationship between the BBC and the Time Life Corporation of the U.S.

The BBC might be unhappy about those comments, but it cannot fail to be delighted at the proposal that the licence fee should still be its major source of revenue. If anything has worried the Corporation over the past two years it is the thought that it might be subject to some sort of direct grant system. Sir Charles Curran, director-general of the BBC, has delayed his departure from the Corporation just so that he can fight that particular fight. It might also be pleased that the idea of splitting up the BBC



Annan: too little too soon



Jackson: the group of six rebels



Curran: staying on for the fight



Grade: no new channel

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Instead, Lord Annan appears to have accepted almost completely evidence submitted by the freelance television and film

producers. For years now this section of the industry has been complaining that both the British film industry and the television companies are over-cautious in the type of work they do, and are less than eager to shop around for bright ideas

and compete with what is being produced on the other three channels is that it should broaden the base of cultural activity within this country, by fostering new talent, ideas and skills and allowing them access to the channel, and that this should happen on a continuing basis, and not just with the initial setting up of the channel.

The producers went on to argue that "the fourth television channel should invest no money in productive capacity

from advertising partially through advertising itself."

In the report the Annan Committee raises the ugly word "sponsorship" as a possible source of revenue for the fourth channel. This is likely to provoke considerable excitement among observers whose main experience of such sponsorship is on Radio Luxembourg and at Grand Prix race meetings. In fact, the sponsorship that Annan has in mind is already a valuable

idea of splitting up the BBC into smaller units, notably into a radio corporation and a television corporation, has been voted, if not dismissed altogether.

However, neither the BBC nor ITV can be in any way pleased with the vaspish comments that are to come about local radio. When the committee says local radio is a mess there are many who are not going to disagree but given the background to Britain's present local radio system, such a mess is hardly surprising. The BBC set up its system short of money and expertise. The IBA network, under the overlordship of Mr. John Thompson, was halted in mid-stream by a new Government and struggled to get going at a time of economic downturn. Mr. Thompson is accused by some of turning a blind eye to the original concept of local commercial radio and indeed to many of the station proposals, in order to keep the whole thing afloat.

Given the political circumstances under which the report is being published, and against the present economic background, it seems unlikely that any Government will move quickly to take action about Annan. But that is hardly the point. The Pilkington Committee report of 1962 had a savaging from the commentators when it was published. From then on, however, it had a significant effect on broadcasting policy making and on broadcasting thought. If Annan succeeds in making broadcasting think about itself, and even better if it makes others think about broadcasting a significant step forward will have been taken.

Letters to the Editor

Current cost accounting

Mr. F. Coad
In his article of March 15, Simon Archer dismisses the "unit of measurement" and suggests that it is based on a confusion. I suggest, however, that he has missed the point of the argument. He rightly states that "money" is, as well as a measure of value, a means of exchange. The argument, however, relates not to the end to be achieved but to the concepts (if you like, the "unit of measurement") which are used to measure it. The unit of measurement which measures money is a unit of value, not a unit of exchange. The unit of exchange is a unit of measurement. The unit of measurement which measures money is a unit of value, not a unit of exchange. The unit of exchange is a unit of measurement.

The discussion following the Sandilands report indicates that the choice of accounting procedure is a "building block" approach, favoured by Sandilands or a more prescriptive form showing a single "distributable profit of the year" has yet to be finally settled. In this context the treatment of monetary assets and liabilities is important since the form of presentation chosen will emphasise a particular capital maintenance concept, whereas the different "figures produced" by combining different "building blocks" are all of potential use to different users.

To include a provision to maintain capital which is financing monetary assets and to show a release of specific holding gains financed by creditors does not imply, as Mr. Ansell suggests, abandonment of the money measuring stick. It merely indicates that where the Sandilands committee favoured discretionary deductions from or additions to current cost operating profit in arriving at total distributable profit the predominant preference may be that some transfers should be prescribed.

Walter Reid
London, Graduate School of Business Studies, Sussex Place, Regents Park, N.W.1

Beating the market

An interesting point in Mr. Glass's letter is the reference to a "trading rule." It is true that the naive random walk theory as held by hardline Chicago school theorists such as Mr. Joel Stern, rules out the application of any device based upon the movement of price in the market. But a more sophisticated model of the degree of randomness in the Stock Exchange seems to indicate that quite important signals may be discernible on the basis of past information. The "weak" form of the efficient market theory may therefore be less valid than the "strong" form.

D. C. Damant
Investment Research, 28, Panton Street, Cambridge

Drive against cigarettes

Sir—So that your readers are not misled by the innocent self-deception expressed by R. C. Glass on March 17, I would like to expand on the area of investment analysis supposedly disproved by the over-simplistic findings referred to.

In essence, the "efficient market hypothesis" as advocated by Joel Stern merely states: the market is perfectly efficient; there are no "free lunches"; one cannot predict the future with any useful or meaningful degree of accuracy based on historic events; therefore information of an historic nature which analysts may believe suggests a disparity between the market price of a share and its "intrinsic value" of a share is irrelevant. The current market price of a share is the correct price.

In practice the students of modern "capital market theory" suggest one cannot "beat the market" on a "risk evaluated basis." One can certainly demonstrate superior performance in a portfolio of shares in a market which is "efficient" or "random" but only at a risk which is commensurate to the degree of outperformance one wishes to achieve. Quite simply, any investor can build a portfolio of equity companies with a debt to equity ratio in excess of the average private investor, and this sort of share may not be as efficiently priced as the market in the leading

To-day's Events

GENERAL
TUC/Labour Party Liaison Committee meets.
Amalgamated Union of Engineering Workers executive and toolmakers' representatives meet.
British Leyland management to discuss grievances over pay differentials, following return to work.
One-day national port strike called over proposal to close municipally-owned Preston docks.
Mr. Takeo Fukuda, Japanese Prime Minister, begins two-day talks with President Carter, Washington.
Police men's wives stage protest march and lobby MPs in support of police pay claim.
Lord Watkinson, CBI president, opens Kingston Regional Management Centre.

COMPANY MEETINGS

See Week's Financial Diary on Page 30.
EXHIBITIONS
British stamps and postal history, Gibbons Gallery, 399, Strand, W.C.2 (until March 31).
Books, drawings and papers of J. R. Tolkien, National Book League, 7, Abemarle Street, W.1 (until April 7).
MUSIC
Yvonne Seow gives piano recital of works by Bach, Chopin, Liszt, and Shostakovich, St. Lawrence Jewry, next Guildhall, E.C.3, 1 p.m.
TREATS
The Actors' Company begin a two-week season at Wimbledon with Pinner's "The Amazons."

PARLIAMENTARY BUSINESS

House of Commons: Redundancy Rebates Bill, second reading.
Nuclear Industry (Finance) Bill, remaining stages. Debate on EEC proposals for coking coal for steel industry.
House of Lords: Debates on EEC farm prices review and on Rhodesia.
OFFICIAL STATISTICS
Basic rates of wages and normal weekly hours (February). Monthly index of average earnings (January). Construction new orders (January).
COMPANY RESULTS
Low and Benar Group (full year). Rolls-Royce Motors Holdings (full year).

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Volatile shares

From Mr. D. Damant
Sir—The letter from Mr. R. C. Glass (March 17) about the "Diary of a small investor" is both wrong and right. A single example such as the achievement of Mr. A. H. Garter is not a valid proof of somebody's ability to do well simply by chance. A private investor is able to take some very considerable risks with his money—not only in buying volatile shares but also in concentrating his interests in a few situations or being altogether in or out of the market; a larger institutional fund is unable to take such risks and is compelled to buy a large spread of investments. Large funds may also be unable to buy useful amounts of shares in smaller companies which are of particular interest to the private investor, and this sort of share may not be as efficiently priced as the market in the leading

Shortage of drivers

From The Director-General Confederation of British Road Passenger Transport
Sir—In his letter on truck drivers' hours of work (March 16) Mr. B. Gill touches briefly on the effects which EEC regulation 543/69 could have on the bus industry.

The problems for bus and coach operators are indeed different from those facing the haulage industry. This is why we have always taken the view that the EEC should introduce separate laws for passenger and goods operation, as is the case in Britain.

If the EEC regulation, or some variant of it, is introduced in Britain, it will have grave and far reaching effects on passenger road transport and, not least, on its users. Labour costs would be increased by between 20 per cent and 50 per cent, depending on the type of operation. And this assumes that additional

Qualified drivers could be found

qualified drivers could be found (or trained) to meet the industry's increased labour requirements. This is not so. Even with current unemployment levels, some bus companies are short of drivers and it is quite unrealistic to expect that extra drivers could be found—particularly when the EEC regulation would reduce drivers' earning power.

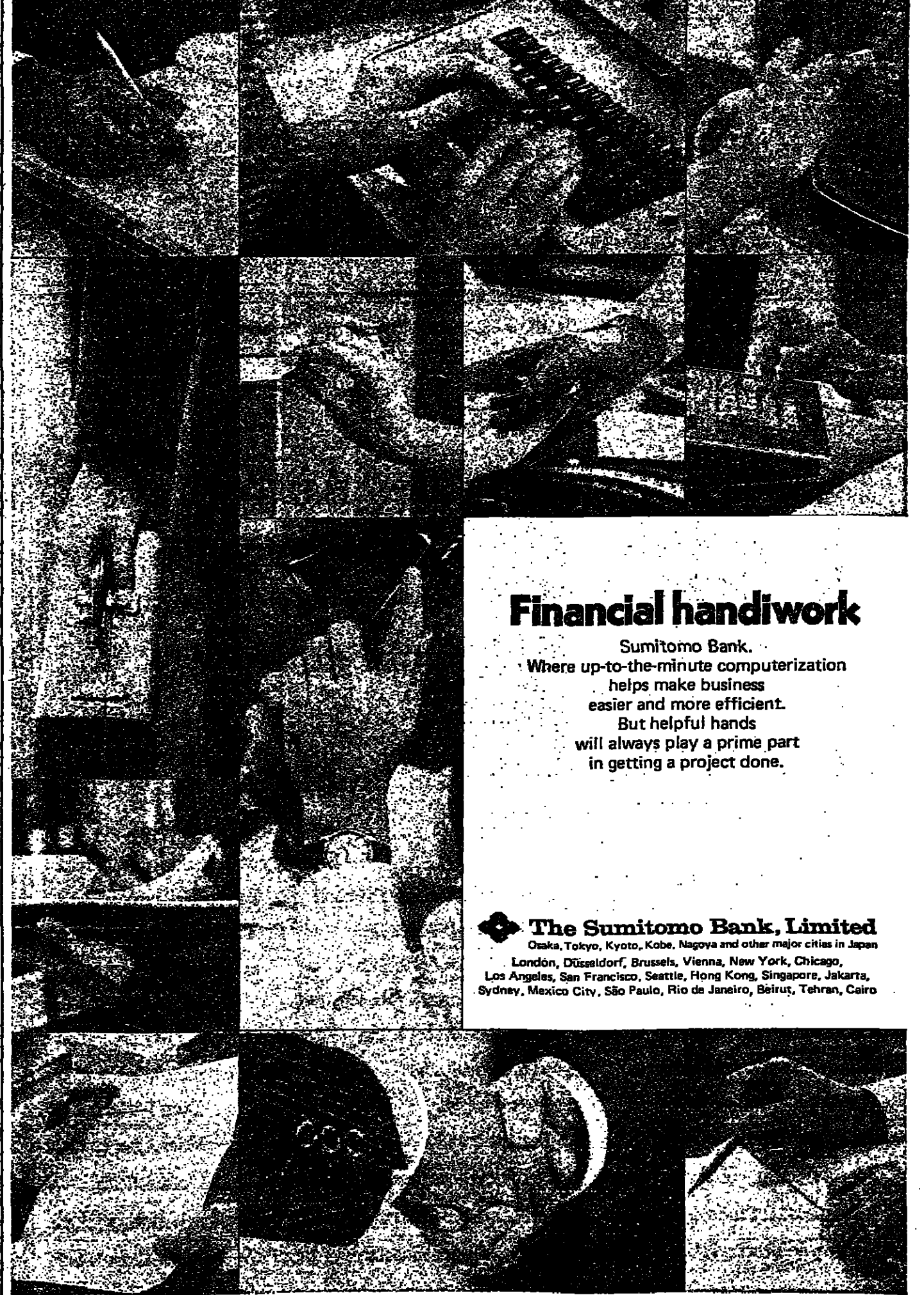
The only conclusions which can be drawn from this are that there would be a decline in the levels of service offered by the bus industry—including the total withdrawal of some services—and that operating costs would rise rapidly, with consequent increases in fares or revenue support grant. There would be no benefits whatsoever. Can this country really afford such an EEC regulation?

Denis Quin
Serdinia House, 52, Lincoln's Inn Fields, WC2.

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Landilands not abandoned

Professor W. Reid
Mr. R. Ansell (March 16) has well advised to the full text of the London Society's submission on the subject before jumping to ill-founded and totally spurious conclusions that the Sandilands proposals are abandoned. The current advocating power method which is shown to be an inappropriate system under inflationary conditions of the kind which we are likely to experience. On the other hand, in many countries financial support is being given by those who have thought about the problems of pricing price changes in the current cost uniting proposals advanced to Sandilands Committee.

Qualified drivers could be found

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COMPANY NEWS

NatWest chief on economic outlook

The need to help British industry through a flexible monetary policy and other measures is stressed today by Sir John Pridemore in his last annual statement as chairman of National Westminster Bank, writes Michael Blandford.

Reviewing the U.K. economic outlook for the current year the chairman sees little scope for a rapid economic upturn against the background of a sluggish domestic recovery and the restrictive measures announced during last year. But he says there are prospects that exports and manufacturing investment could gradually become significant growth areas.

"In the immediate future, he says, it is inevitable that there will be a serious squeeze on both private and public consumption. This is a necessary requirement to restore a better balance to the U.K. economy."

There are reasonable hopes, Sir John says, of reducing domestic inflation towards the end of the year and more particularly in 1978. And he commends the increasing awareness that "rigid adherence to tight monetary targets is a vital instrument in any effective anti-inflation policy."

He emphasises, however, that "the authorities must ensure that nothing is done to prevent the utmost flexibility and ready access to credit to finance its legitimate requirements for investment and stockbuilding."

It is important, he adds, "to ensure that the greater discipline which we have to accept should not cause long-term damage to British industry."

The tight monetary controls now in existence should be applied with the utmost flexibility and should be relaxed as soon as the economic situation permits.

Other measures to help industry should also be considered, Sir John says, including a further relaxation of the price code as well as a more favourable attitude to profits, incentives and business confidence.

More generally, "we need a period of stability without further wasteful inductions in confidence and national unity."

Sir John, who is to be succeeded as chairman by Mr. Robert Leigh-Pemberton after the bank's annual general meeting on April 18, comments on the role of the City in providing finance for industry and the issue of the proposals for nationalisation of the big four banks.

He argues that no convincing evidence has been produced to support the contention that the City has failed industry, and points to the facilities available from Finance for Industry, the new Equity Capital for Industry and the banks' own medium-term support.

The nationalisation proposals, he says, have "no constructive part to play in the country's future."

The proponents of nationalisation, he says, have produced no reasons to justify such a measure, "and there is ample evidence that nationalisation of the banks would be contrary to the wishes of customers, staff and the community at large."

He welcomes, however, the establishment of the Wilson Committee—of which he is a member—to examine the operations of the financial institutions.

The chairman also draws attention to the special problems faced by the banks in relation to the proposed inflation accounting standard. He says that the present draft makes no provision for the erosion of the capital ratios of the banks caused by inflationary increases in monetary assets.

He also comments that further consultation and discussion on the Bullock Committee proposals on employee representation are needed before the Government

BOARD MEETINGS

The following companies have notified directors of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends are to be paid or not, and the sub-division shown is tentative.

TO-DAY
Interiors—Chambers and Farnes, Courtney Pope, R. Green Properties, Lawrie, M. J. Marston
Flaws—Beason Clark, Jamesons Chocolate, Law and Bonar, Fainting Rubber Estates, Rolls-Royce Motors

FUTURE DATES
Brotherhood (Futures) Apr. 22
Dealing and Mills Apr. 13
Clax Apr. 14
Jacks (Wim) Apr. 14
Paco Apr. 23

Smiths Industries	Apr. 14
Victor Products (Wallasey)	Mar. 20
Asst. and Lacy	Mar. 21
CSC Investment Trust	Mar. 22
Cinford Dairies	Mar. 23
Casalt	Mar. 24
Expanded Metal	Apr. 1
Gibbs and Dandy	Mar. 25
Granville Holdings	Mar. 25
Hewitt (J.) (Textile)	Mar. 25
Hutton Footwear	Apr. 5
Hyman (I. and J.)	Mar. 25
Isstock Johnson	Mar. 25
Jardine Japan Investment Trust	Mar. 25
Maschella Group (Mouldings)	Mar. 31
Sigma (S. and L.)	Apr. 2
North British Canadian Invest.	Mar. 25
Neilson PWS	Mar. 25
Upton (E.)	Apr. 27
W. J. Wainwright	Apr. 27
William Warburton	Mar. 25
Willis Faber	Mar. 28

Bright future for Aquis

THE OUTLOOK for Aquis Securities in 1977 is bright and there seems no doubt that profits will continue to grow, says Mr. Harold Quilman, the chairman, in his annual statement.

As reported on February 23, in 1976 pre-tax profit advanced from £255,601 to £254,920 on income up from £1.25m. to £1.3m. The net dividend is lifted to 0.6p of gross rental income at £0.95m. (£0.53m.) U.K. produced £0.78m. (£0.72m.) and Belgium £0.17m. (£0.13m.). At year end working capital showed a decrease of £0.24m. (£0.27m.) and secured bank overdrafts were up £0.73m. at £2.5m.

Mr. Quilman says that the increase in bank borrowings, caused by the completion of several property developments, will be substantially reduced when they are fully let and sold.

As already known the fall in the market value of Atlas House, Leeds which they expect will open up a new source of business. In the spring of this year a new branch will be opened at Leeds and another in South Wales.

The Group's international operations continue to make a good contribution to profits and thus to the country's benefit also. In the context of international earnings much foreign business arises from the work undertaken for customers of the domestic banking division and new business is constantly being acquired in the numerous international financial centres.

In the domestic banking division, Sir John says that branch rationalisation continues but at a slower pace. With the substantial part of the programme now complete the remaining cases are those which pose greater practical problems in implementation.

He reports that in the autumn it is planned to amalgamate the dealing rooms of International Westminster Bank and the main International Money Desk in London.

Statement Page 31 See Lex

Share Information Service

The following security has been added to the Share Information Services appearing in the Financial Times:—

Pentos 15% Conv. Unsec. Loan Stock 1985 (Section: Industrials (Miscel.))

BIDS AND DEALS

Biwater 45p cash for Shellbear

BIWATER, the Dorking, Surrey-based water treatment plant concern, has emerged as the unquoted company which has been having bid talks with Shellbear Price (Holdings), the civil engineering, building and plant hire group. A joint announcement issued over the weekend said that discussions have now reached an advanced stage and, subject to an accountants' report, the terms of an agreed offer will be 45p cash for each Shellbear share. This will value Shellbear at £1.23m.

Biwater has instructed an independent firm of accountants to verify that the management accounts of Shellbear for the year to December 1976 are accurate and have been prepared on a consistent basis. They have also been asked to confirm that there has been no material adverse change in the financial, contractual and trading position and prospects of Shellbear since that date.

The Board of Shellbear and their advisers S. G. Warburg consider the terms of the offer to be fair and reasonable and the Board intends to recommend shareholders to accept. Certain directors and shareholders have given irrevocable undertakings to accept the offer in respect of their holdings totalling 1,592,928 Ordinary shares (approximately 33.09 per cent. of the issued share capital).

Biwater is being advised by de-patching documents relating to the offer by April 15, 1977 provided that the prior condition referred to has been satisfied.

The directors of Shellbear say they are satisfied that, having regard to unaudited accounts for the year ended December 31, 1976, the offer is a "fair offer" and a small profit before tax. This profit will be arrived at after writing back an amount of £100,000 of the substantial provision made for the serious and unexpected loss reported in the interim statement for 1976, which amount was attributable to the previous year.

Biwater, a private company, is engaged in the design, supply and installation of water treatment plants in the U.K. and abroad. Its emphasis in recent years has been to increase penetration of overseas markets and for the year to September 30, 1976, exports are estimated to have amounted to some 90 per cent. of turnover. Outside the U.K. Biwater is engaged on projects in Nigeria, Hong Kong, Indonesia, Kenya, Malawi, Jamaica, Saudi Arabia and the United Arab Emirates, and negotiations are currently at an advanced stage for new or

extended contracts in Nigeria, Kuwait, Pakistan, Saudi Arabia, the United Arab Emirates, and Brazil.

In 1975 Biwater was awarded the "Queen's Award to Industry for Exports," having achieved a six-fold increase in exports involved over the previous three years.

The directors of Biwater say they intend to continue the policy of expansion abroad, particularly in view of the anticipated low level of new business in the U.K. in the next three years. They are convinced that the ability to obtain further and larger overseas contracts "on a turnkey basis" will be enhanced by a merger with Shellbear, whose management and staff have considerable experience of the civil engineering aspects of water supply and sewage projects as well as of general civil engineering, and large scale earthmoving.

Biwater and Shellbear are currently engaged together on a contract in Nigeria and they both anticipate that this will be satisfactorily completed within the next seven months. A tender has been submitted for an extension to this contract.

HAW PAR INTL.

Haw Par Brothers International, the Singapore-based group, is planning to buy out the 30p convertible redeemable guaranteed preference shares of its subsidiary, Haw Par (London) at a total cost of some £31m.

HPBI, which already holds all the ordinary shares in Haw Par (London), bought 1.3m. of the convertible shares through the market in February at an average price of 14.46p cum dividends. The year ended December 31, 1976, it has bought a further 5.85m. convertible shares at a small profit before tax. This profit will be arrived at after writing back an amount of £100,000 of the substantial provision made for the serious and unexpected loss reported in the interim statement for 1976, which amount was attributable to the previous year.

Biwater, a private company, is engaged in the design, supply and installation of water treatment plants in the U.K. and abroad. Its emphasis in recent years has been to increase penetration of overseas markets and for the year to September 30, 1976, exports are estimated to have amounted to some 90 per cent. of turnover. Outside the U.K. Biwater is engaged on projects in Nigeria, Hong Kong, Indonesia, Kenya, Malawi, Jamaica, Saudi Arabia and the United Arab Emirates, and negotiations are currently at an advanced stage for new or

extended contracts in Nigeria, Kuwait, Pakistan, Saudi Arabia, the United Arab Emirates, and Brazil.

In 1975 Biwater was awarded the "Queen's Award to Industry for Exports," having achieved a six-fold increase in exports involved over the previous three years.

The directors of Biwater say they intend to continue the policy of expansion abroad, particularly in view of the anticipated low level of new business in the U.K. in the next three years. They are convinced that the ability to obtain further and larger overseas contracts "on a turnkey basis" will be enhanced by a merger with Shellbear, whose management and staff have considerable experience of the civil engineering aspects of water supply and sewage projects as well as of general civil engineering, and large scale earthmoving.

Biwater and Shellbear are currently engaged together on a contract in Nigeria and they both anticipate that this will be satisfactorily completed within the next seven months. A tender has been submitted for an extension to this contract.

ASSETS UP £13M. FOR LEEDS AND HOLBECK

The assets of Leeds and Holbeck Building Society at December 31, 1976, increased by £13.86m. to £139.98m. and mortgage advances went up from £24.21m. to £27.61m.

Receipts rose from £55.65m. to £59.02m. and repayments of mortgages totalled £13.16m. (£12.09m.). Repayments to members and depositors were £40.31m. (£35.92m.).

Investments and cash amount to £23.07m. which is 17.91 per cent. of assets. Reserves increased by £2.42m. to £4.92m.—3.51 per cent. of assets.

The directors say that during 1976 another office was opened in Leeds which they expect will open up a new source of business. In the spring of this year a new branch will be opened at Leeds and another in South Wales.

The Group's international operations continue to make a good contribution to profits and thus to the country's benefit also. In the context of international earnings much foreign business arises from the work undertaken for customers of the domestic banking division and new business is constantly being acquired in the numerous international financial centres.

In the domestic banking division, Sir John says that branch rationalisation continues but at a slower pace. With the substantial part of the programme now complete the remaining cases are those which pose greater practical problems in implementation.

He reports that in the autumn it is planned to amalgamate the dealing rooms of International Westminster Bank and the main International Money Desk in London.

Statement Page 31 See Lex

ISSUE NEWS AND COMMENT

Mid-Sussex Water £3m. 13 1/4% debenture

Brokers Dennis Murphy, Campbell have arranged a placing of £3m. of 13 1/4 per cent. Redeemable Debenture stock 1985 at 100p per cent. on behalf of the Mid-Sussex Water Company.

At the placing price the running yield is 12.383 per cent. and the redemption yield is 13.456 per cent. The stock is payable as to 50p per cent. on March 24 with the balance of £48 per cent. due on June 23.

The first interest payment amounting to £3,082 gross per cent. will cover the period from March 24 to September 28 and the redemption yield of 13 1/4 per cent. for Mid-Sussex is 7 1/2p above those for medium-term gilts. To get that sort of yield from a Government stock an investor would have to go to a date in the 1990s. So, assuming available to the market until noon on Monday, a good response is expected to start in a £50 paid form on Wednesday 23.

The company states that the present issue is being made to provide funds towards capital expenditure on the works necessary to fulfil the company's obligations to meet an increasing demand for water.

Mid-Sussex Water's issue is the first in the debenture market for some time and evidently the stock was swiftly placed in the market. There is no directly comparable gilt to this issue, but after the wide rise in gilt prices on Thursday (the terms of the issue were fixed on Wednesday evening) the redemption yield of 13 1/4 per cent. for Mid-Sussex is 7 1/2p above those for medium-term gilts. To get that sort of yield from a Government stock an investor would have to go to a date in the 1990s. So, assuming available to the market until noon on Monday, a good response is expected to start in a £50 paid form on Wednesday 23.

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REORGANISATION AT REDLAND

From April 1977 Redland Stone and Redland Glass amalgamate and in future as Redland Aggregates. The company will be one of the principal divisions of the group and be among the aggregate producers in the U.K.

This change, says Redland, considerably strengthens the aggregate producers in the U.K. and is a difficult trading and customers with a complete aggregate service. A single force will market all products, including sand and crushed stone, costed and precast—and their own services.

Redland Readymix will continue to operate as a subsidiary within the new group. Mr. C. R. Lawless, a director, will become chairman. Mr. D. Taylor has been appointed chief executive to operate from the division office at Groby, Leicestershire.

Crails has some 200 employees at its factory in Forfar. Their present conditions of employment with Crails and its subsidiaries, including pension rights, will be fully safeguarded and no redundancies are envisaged as a result of the offer.

This acquisition is Low and Bonar's first stake in a textile development programme which will enable the group to extend its activities into the domestic market, the directors state.

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Low & Bonar recommended bid for Craiks

Low and Bonar Group is to make a bid for the whole of the issued share capital of the Forfar weaving company Craiks, whose annual turnover is in excess of £1.5m. The Board of Craiks is recommending that all holders accept the offer.

Low and Bonar is offering three Ordinary shares of 50p each or £4 in cash for every £1 share in Craiks, giving a value of £20,000 for the cash alternative.

The shares in Craiks are to be acquired free from all liens, charges and all rights attached thereto, including the right to all dividends and other distributions declared. The Ordinary shares in Low and Bonar to be issued pursuant to the offer will rank pari-passu in all respects with the existing Ordinary shares and will entitle the holders to all dividends and other distributions declared.

Low and Bonar's offer is conditional upon acceptances being received in respect of not less than 90 per cent. of the shares for which the offer is made or such lesser percentage as it may be agreed to accept. Irrevocable

BY MARY CAMPBELL

EUROBONDS

Analysing the Incheape convertible

BARINGS, lead manager for the controversial Incheape convertible, said yesterday that the issue had been "extremely popular" - the understatement of the week if not the year. The managers and the company have decided however to stick by the indicated conversion price above the 350p maximum they had indicated. Alternatively, they thought the period before the bonds could be converted might have been extended from the six months set in the offering circular. In explaining the decision to stick by the terms, the issue managers point out that the Incheape stock was already being quoted at its highest ever level at 350p. Clearly, they also have in mind the losses suffered by holders of many previous convertible issues by British companies and the need to establish an unquestioned success in this first convertible Eurobond issue for a British company since for four years. They also clearly felt that having indicated a ceiling price, they must stick to it. In so far as Incheape's first priority was to extend the range of its shareholders overseas, it has also probably been a success from the company's point of view. Over half the allocations are likely to be to European investors (in the widest sense) though, as was to be expected, demand was particularly heavy from the Far East. In general, the dollar sector of the Eurobond market was lashed earlier. Two straight issues were priced early on in the week: first of last week and though demand fell off later dealers reported no Tokyo Menka Kaisha and the three tranches of the EIB issue were well received. They have been quoted at a slight discount but well within the selling group commission. This was after the shorter term tranche had been increased in size from \$50m to \$75m, and priced at a premium. Toyko Menka Kaisha did not go so well on Friday, it was being quoted at 97 1/2 after being priced at 99. Dealers report market saturation for Japanese issues at present and suggest that but for a shortage of five-year paper in the market it would have fared very badly indeed. Floating rate notes continue in short supply, dealers say, and two new issues have been launched. Union Bank of Finland (formerly known as Pohjoismaiden Yhdyspankki or Nordiska Foreningsbanken) launched a \$30m, five-year floating rate note, offering a minimum rate of 8 per cent, with the usual quarter point margin over LIBOR. The Austrian Genossenschaftliche Zentralbank had previously come out with its second floating rate \$40m, six year issue offering a 6 per cent minimum. Of interest in the longer term is an announcement from Sandvik that it is planning a \$30m, convertible at "an appropriate time". Among other issues in the market, Societe Nationale des Acieriers \$75m, is expected to benefit from what dealers describe as a shortage of good quality paper - it has been rated AA- and the Singer issue from its high coupon and five year maturity.

Table with columns: Borrower, US Dollars, Amount \$m, Maturity, Coupon, Price, Lead manager, Yield. Includes entries for TUBAF, Ashahi Optical, European Investment, Compair, Toyko Menka Kaisha, etc.

There were interesting developments in virtually every sector of the international bond market last week - labouring under the problem of a sharply rising yield curve (sharply rising, that is, by the standards of the Swiss franc market), an ambitious attempt at a Sw.Frs.200m. issue for the World Bank had to be cut back to Sw.Frs.100m. In New York, the European Coal and Steel Community has maintained its triple-A rating, contrary to some expectations. The issue offers 7 1/2 per cent, with a newly filed \$75m, twenty-year issue with Kuhn Loeb as lead manager. From Japan comes the news that the authorities have decided to countenance a "Euro-yen" issue for the European Investment Bank. It has also emerged that the European Economic Community is to issue \$100m. worth of fixed rate stock to consolidate a further third of the \$300m. floating rate loan it arranged early in the year. The funds will be raised in a Dutch consortium. The first \$100m. tranche consolidated by means of a New York last October bond. The D-mark sector market was extremely active again last week. Apart from issues listed in the table, a bank of Copenhagen is banked with a DM500m. placement via Berliner & Bechler's Frankfurt. The issue offers 7 1/2 per cent, with a maturity of six years. The size of Austria's issue has been raised from DM10 DM 150m. Also indicative in the market are the coupon on Iceland's been cut from an indicated 7 1/2 per cent. The details of the Euro market are still rather fluid but it appears that the Euro will definitely go ahead.

Indices section including NEW YORK - DOW JONES, MONTREAL, TORONTO, JOHANNESBURG, AUSTRALIA, PARIS, VIENNA, OSLO, TOKYO, BRAZIL, SPAIN, CANADA, BRUSSELS/LUXEMBOURG, STOCKHOLM, SWITZERLAND, MILAN. Each table shows market data for various regions.

Table with columns: Mar. 18, Mar. 17, Mar. 16, Mar. 15, Mar. 14, Mar. 13, Mar. 12, Mar. 11, Mar. 10, Mar. 9, Mar. 8, Mar. 7, Mar. 6, Mar. 5, Mar. 4, Mar. 3, Mar. 2, Mar. 1. Includes sub-sections for Rises and Falls, and Investment premium based on \$2.00 per £1-101% (101%).

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OVERSEAS SHARE INFORMATION

Large table of share prices and movements for various international markets including NEW YORK, CANADA, BRUSSELS/LUXEMBOURG, STOCKHOLM, SWITZERLAND, MILAN, and others. Includes columns for share names, prices, and changes.

Handwritten notes and signatures at the bottom of the page, including 'S. K. S. SINGAPORE' and other illegible text.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Main table containing financial data for various unit trusts and funds, including columns for fund names, managers, and performance metrics.

FINANCIAL TIMES STOCK INDICES

Table showing stock indices for various markets, including FT 100, FT 300, and others, with columns for date and index value.

HIGHS AND LOWS

Table showing high and low values for various stock indices and sectors.

FT 100

Table showing FT 100 index values for different dates and time periods.

SINGAPORE STOCKS

Table listing Singapore stocks with columns for stock name, price, and other financial details.

NEWTOWN TRADING

Table showing data for Newtown Trading, including various financial metrics.

MINISTER FUND MANAGERS

Table listing Minister Fund Managers and their associated funds.

NATIONAL WESTMINSTER

Table showing data for National Westminster, including various financial metrics.

NEW COURT FUND MANAGERS

Table listing New Court Fund Managers and their associated funds.

PERVONIC INVESTMENT

Table showing data for Pervonic Investment, including various financial metrics.

ROYAL TRUST

Table showing data for Royal Trust, including various financial metrics.

ROYAL TRUST (C) LTD

Table showing data for Royal Trust (C) Ltd, including various financial metrics.

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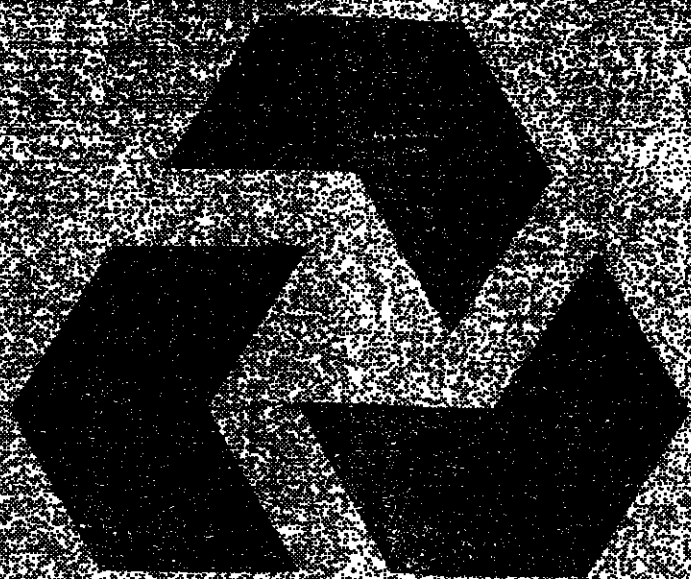
ROYAL TRUST (C) LTD

Table showing data for Royal Trust (C) Ltd, including various financial metrics.

INSURANCE BASE RATES

Table showing insurance base rates for various policies and coverages.

JP 1/15/77



NatWest 1976

From the Statement by the Chairman,
Sir John Prideaux OBE



The recovery in the Group profit has reversed the trend of the last two years and is especially important at a time of high inflation – the retention of adequate profits remains essential in building our capital base to keep it in line with the Group's needs.



We have substantial commitments by way of medium-term support for industry in addition to providing short-term working capital – and we have expanded our financing of the North Sea oil and gas industry taking the lead in several major loans.



Overall, our international business continues to show strong growth in both assets and profits and we are proud to be among the nation's leading invisible exporters.



The responsibility for recreating the climate necessary to encourage industry to invest for re-equipment and modernisation rests with the Government itself: given the appropriate climate, 1977 could set the stage for a dramatic and sustained recovery in the UK economic fortunes in which we are ready to play a full part.

Figures taken from the Group Accounts 1976

Ordinary share capital.....	£222 million
Reserves	£697 million
Current, deposit and other accounts.....	£15,384 million
Advances	£10,615 million
Group profit after allocation to staff profit-sharing	£188 million
Tax	£100 million
Retained profit	£63 million

National Westminster Bank Group

Copies of the Report and Accounts, which include the Chairman's Statement, may be obtained from the Secretary's Office, National Westminster Bank Limited, 41, Lothbury, London EC2P 2BP.

Henry Boot Great people to build with Henry Boot Construction Limited, Drorfield, Sheffield S18 6XR

FT SHARE INFORMATION SERVICE

INDUSTRIALS—Continued

Table of industrial shares including companies like ICI, British Petroleum, and various engineering firms, with columns for stock price, dividends, and other financial metrics.

CANADIANS

Table of Canadian stocks including companies like Canadian National, Canadian Pacific, and various resource companies.

BANKS AND HIRE PURCHASE

Table of bank and hire purchase shares including companies like Bank of Montreal, Bank of Toronto, and hire purchase companies.

OVER FIFTEEN YEARS

Table of shares with a track record of over fifteen years, including various industrial and financial stocks.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African loans including various international investment funds.

FOREIGN BONDS & RAILS

Table of foreign bonds and rail shares including international government and infrastructure securities.

AMERICANS

Table of American stocks including companies like General Electric, IBM, and various US industrial firms.

BUILDING INDUSTRY—Continued

Table of building industry shares including construction and materials companies.

CHEMICALS, PLASTICS

Table of chemical and plastic shares including companies like ICI, British Petroleum, and chemical manufacturers.

DRAPERY AND STORES—Continued

Table of drapery and store shares including retail and clothing companies.

ENGINEERING, MACHINE TOOLS

Table of engineering and machine tool shares including manufacturing and engineering firms.

CINEMAS, THEATRES AND TV

Table of cinema, theatre, and television shares including entertainment companies.

DRAPERY AND STORES

Table of drapery and store shares (repeated section).

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber, and road shares including construction and infrastructure companies.

ADD TO LIST

Table of additional shares to be added to the list, including various industrial and financial stocks.

DEAPERY AND STORES—Continued

Table of drapery and store shares (repeated section).

ELECTRICAL AND RADIO

Table of electrical and radio shares including electronics and communication companies.

ENGINEERING, MACHINE TOOLS

Table of engineering and machine tool shares (repeated section).

FOOD, GROCERIES, ETC.

Table of food, grocery, and other consumer goods shares including retail and food companies.

HOTELS AND CATERERS

Table of hotel and catering shares including hospitality and service companies.

INDUSTRIALS (Miscellaneous)

Table of miscellaneous industrial shares including various manufacturing and resource companies.

BRITISH FUNDS

Table of British funds including various investment trusts and mutual funds.

Five to Fifteen Years

Table of funds with a track record of five to fifteen years.

Over Fifteen Years

Table of funds with a track record of over fifteen years.

UNDATED

Table of undated funds including various investment vehicles.

INTERNATIONAL BANK

Table of international bank shares including global financial institutions.

CORPORATION LOANS

Table of corporation loans including various corporate investment funds.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit shares including beverage companies.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit shares (repeated section).

Conversion factor 6.7178 (2.2129)

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GEC bid on Caracas Metro contract highest at \$605m.

By JOSEPH MANN

THE BRITISH consortium headed by GEC has started its seven international competitors by placing by far the highest bid for the contract to supply rolling stock and rails for the Caracas Metro.

GEC's bid was of \$605.5m, while the lowest, from Societe Generale de Techniques et d'Etudes de France, was \$229m.

Offers were expected to be in the \$250m to \$350m range. "GEC must have been bidding on a different railway," commented one of the foreign engineers involved with the Metro construction after the offers were announced this morning.

A banker suggested that the

British might have come in with a high bid because of the effects of interest rates and general inflation in the U.K. The consortium did not make a low basic bid with contractual adjustments to compensate for inflation.

The bidding was for one of the biggest contracts to be let in the construction of the \$1.5bn Caracas Metro. It involves 240 rapid transit cars and 4,500 tonnes of steel rail.

Dual offer

Trains will run on a 20 kilometre stretch of the Metro which will cross the valley of

Caracas from east to west providing the network's main artery.

The Venezuelan Government, which is supervising construction, asked for bids on either aluminium or stainless steel cars but only Siemens of Germany presented a dual offer for the coaches.

Taking part in the recent bidding at the Caracas Metro office were the following companies: C. Itoh and Co. (Japan (bid \$242.8m)); Societe Franco-Belge de Materiel de Chemins de Fer (\$296.5m.); Westinghouse Electric Corp. of the U.S. (\$306.7m.); Pullman Standard (\$304.8m.); and Uriban Transportadora y Desarrollo Corporacion of

Canada (\$374.6m.). Siemens A.G. placed two different bids—aluminium cars (\$259.3m.) and stainless steel coaches (\$357.9m.). Canadian Vickers and Brown Boveri and Cie AG had passed the pre-qualification stage but did not present offers.

Recently, a consortium called Avrail headed by British Rail and Transmark dropped out of the competition for building the first major link in Venezuela's national railway system.

Avrail said that the contractual requirements laid down by the Venezuelan Government—specially related to cash-flow—were unacceptable. Other foreign consortia made offers on the project.

Annan report leak inquiry likely

By Arthur Sandles

A LEAK of the final draft of the Annan Committee report on the Future of Broadcasting is likely to be the subject of a Whitehall inquiry this week.

The report, which says that the fourth television channel should go to a new broadcasting authority, and is severely critical of both BBC and IBA local broadcasting, will be published officially on Thursday.

After the Bullock report leak, the Government is in no mood to take another breach of publication security lightly.

The leaking of the report and around the Annan Committee has grown increasingly active of late. The 16-man committee includes a minority group of six, including Mr. Tom Jackson, the Post Office union leader, and Mr. Philip Whitehead, Labour MP for Derby North.

Both groups were reported last night to be irritated by the leak in *The Observer*, since it was seen to have disrupted the hoped-for impact of the findings.

New body

This was particularly the case since the report was clearly from a draft which was later amended.

The committee is recommending that the fourth television channel, for which most British sets are now equipped, should go to a completely new body, the Open Broadcasting Authority.

This authority would shop for its programme material from the Open University, ITV, other education sources and from independent producers, which would be financed by grants, advertising and sponsorship.

The whole committee was against the idea of the fourth channel being handed over to ITV. To the delight of the BBC, the committee is in favour of the Corporation continuing to receive its finance from a licence fee.

Another recommendation is that all local radio stations should come under the wing of another new broadcasting authority which would deal only with local radio.

Suggestions from the minority that the BBC should lose all its radio powers and be split into two organisations—one for radio and one for television—were rejected by the majority. There was a similar disagreement over the future of Teletext (a technical development which presents visual news-sheets).

At the moment, the BBC has its system, Ceefax, and ITV has Oracle.

Of the other recommendations, one that suggests a Broadcasting Complaints Commission is likely to cause the greatest uproar. Neither the BBC nor ITV is eager to have anyone else interfering with what they both see as their own editorial freedom.

The Annan Committee feels, however, that the Independent Broadcasting Authority intervenes too much in programme preparation.

Among other suggestions from the committee are a call for an end to advertising in children's programmes, a look at inappropriate breaks in other shows, and a demand for public hearings by broadcasters to hear the views of viewers and listeners.

Feature, Page 25

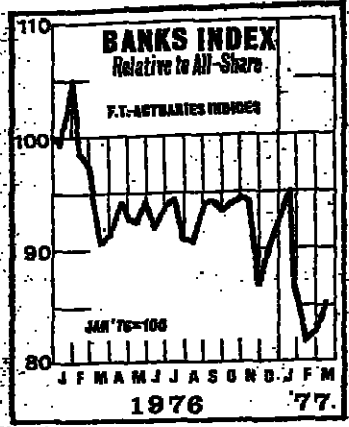
THE LEX COLUMN

Big Four grapple with inflation

The clearing bank results (including subordinated loan capital) less the book value of the infrastructure, such as premises, equipment and trade investments. Three of the Big Four (see the table) improved

The 87 per cent improvement in the clearers' aggregate retentions to £234m. in 1976 was plainly an important factor. But this alone would not have been enough to allow anything better than unchanged ratios. The increase in the average free capital ratio was due to the raising by the four groups of some £340m of new equity and subordinated medium term debt.

Free capital of a bank is defined as capital resources



All the same, the Big Four achieved a substantial profits recovery in 1976—with an aggregate a 65 per cent improvement to a nice round £700m, pre-tax—and the publication to-day of the last of the four annual reports (from National Westminster) allows an overall look at the sector's balance sheet progress. The slowdown in the rate of U.K. inflation from 25 to 15 per cent, was a very welcome development here. On the other hand, typical deposits growth was around 18 per cent, significantly more than it had been in 1975 (about 10 per cent).

Capital adequacy

The key point is that capital adequacy has improved. It is hard for outsiders to get fully to grips with the figures: the Bank of England is working towards ratios which measure capital resources in relation to the risks involved in different categories of assets, and capital deposit ratios are less satisfactory substitutes. But at least it is possible to work out the latter from published accounts—though even so the provisions against advances are undisclosed and the deferred tax reserves which the Bank accepts as part of capital resources are only quantified by two of the Big Four (Midland and NatWest).

Free capital of a bank is defined as capital resources

such outgoings are high—approaching the Big Four last year emerges most clearly of NatWest, which capital commitments. Its free capital ratio, because of its heavy secured property, is 68m. in 1976) rather than 60m. in 1975. They also highlight a proportionate reliance on loan capital to free equity capital to improve last year.

Inflation accounts for the fact mentioned in the chairman's report and any detail. Even so, the Group's working has, it appears, fallen any very definite, nevertheless it is an interim report sensitive financial position, however, has been made with the provisions of the bank to adjust the free capital. The provision varies between per cent of free capital. Arguably, the provision which is added back to the line in an ED is a prior account

Free capital of a bank is defined as capital resources

	Barclays	Lloyds	Midland
Group deposits (£m.)	17,254	10,746	18,441
Growth in 1976	19%	18%	13%
Capital resources (£m.)	1,154	875	778
Ratio to deposits	6.7%	8.1%	7.5%
Free capital (£m.)	487	378	321
Ratio to deposits	2.8%	3.5%	3.1%
Previous year	2.4%	2.4%	2.5%
Free equity (£m.)	304	193	178
Ratio to deposits	1.8%	1.8%	1.6%
Previous year	2.0%	1.1%	1.9%
Notional provision for inflation (£m.)	72.1	56.7	68.1
of which financed by debt	24.5	27.7	32.5
Leaving	45.6	29.0	35.6
Pre-tax profits (£m.)	197.9	147.7	144.4

U.K. faces heavier repayments in 2 years

By Peter Riddell, Economics Correspondent

BRITAIN WILL start making repayments on a large scale from 1979 onwards, on sizeable sums of official foreign currency borrowing arranged over the last two years.

The latest Treasury estimates show that the Government and other public sector bodies will have to repay only about \$100m this year and \$800m next year before the total rises sharply to \$2.4bn. in 1979.

Repayments will remain above \$2bn. until 1983 with a peak of \$4.7bn. in 1981. This underlines the recent statements by the Governor of the Bank of England about the need to run a large current account surplus for several years both in order to repay these debts and to rebuild the reserves.

Repayments between now and 1985 total \$1.7bn. on Government and other public sector borrowings outstanding at the end of February. This excludes some debt which has been arranged but not drawn. These borrowings have, in the main, been built up over the last three years to finance the continuing heavy current account deficit and include, in particular, the large amounts raised by public sector bodies under the exchange cover scheme.

A large part of the total amount outstanding on the official foreign currency borrowing is on a floating rate basis, with the interest payable in any period determined by the level of Euro-dollar interest rates then prevailing.

Year	Govt	Other public sector
1977	0.1	0.0
1978	0.1	0.7
1979	0.7	1.7
1980	1.2	2.0
1981	2.0	2.7
1982	1.1	1.6
1983	0.8	0.8
1984	0.7	0.6
1985	0.1	0.1

* Foreign currency borrowing by Government and public sector bodies, including nationalised industries, public corporations and local authorities.
 Source: Treasury.

Leyland Special Products expects 43% profit rise

By KENNETH GOODING, INDUSTRIAL CORRESPONDENT

BRITISH Leyland's Special Products group expects to increase profits 43 per cent to £203m. this year. This is in stark contrast to the uncertainties surrounding the car division.

Special Products' plan also involves a 42 per cent jump in capital spending to nearly £13m.

Employment is expected to rise by 8 per cent to about 13,300 according to a confidential document circulating within the group.

The statistics provide useful ammunition for those—both in Special Products and outside—who believe the group should be split from British Leyland, either to report direct to the National Enterprise Board or even a separate private-sector company.

Certainly the importance of Special Products, now the eighth largest of the U.K. specialist engineering groups, is obscured by the sheer size of Leyland's involvement in volume car production.

It can also be argued, particularly now, that the association with the Leyland name is not particularly helpful. If Special Products was split it could be renamed. One name suggested is "British Equipment Group."

The Ryder report on Leyland took a neutral line on the possible divestment of Special Products. It said details of investigation of the future of the companies involved was needed before any decision could be made.

Mr. Alex Park, chief executive of British Leyland, has made his view clear: "We are very proud of Special Products and don't intend to let it go."

Special Products includes:

- Prestcold, which claims 40 per cent of the European commercial refrigeration market and should have sales of more than £80m. this year.
- Britain's second-largest construction equipment business with sales about equal to those of Prestcold and which consists of Aveling-Barford, Aveling Marshall, Goodwin Barsby and Barfords of Belton.
- Alvis, the military vehicles builder, and
- Three smaller specialist companies. Self Changing Gears, Scammell Trailers and the Nuffield Press, all forecasting sales of between £4m. and £10m. this year.
- Coventry Climax, the forklift truck concern. Both should have sales in 1976 of £30m. and £40m. this year.

This year's forecasts apparently do not take into account the possible acquisition of Rubery Owen Conveyancer

which, with its expected £25m. of sales, would nearly double the Special Products' involvement in the forklift truck business.

Talks about this possible acquisition have been going on since November and should be completed soon. The take-over would be in line with the recommendations of the working party which has been looking at the forklift truck sector as part of the industrial strategy exercise.

Special Products could also be expected to play a major role in changes to the structure of the U.K. construction equipment industry which have been mooted.

In the 18-month financial period to the end of last December Special Products produced profits before interest of £14.6m. Sales were £198m.

A capital spending of £8m. was planned, below that planned for the construction equipment side did not progress as fast as expected.

Mr. David Abell, Special Products' managing director, said in a letter which went out to employees recently, that the group should break even on cash flow and be self-sufficient by the end of this year. There was a negative cash flow of more than £4m. in the previous 15 months.

TV industry ready to fight Hitachi plan for U.K. factory

By KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE TELEVISION industry has told the Government in no uncertain terms that the Japanese group Hitachi should not be permitted to set up a manufacturing unit in Britain.

Such a step would be harmful to the television industry and to employment in it. More jobs would be lost in electronics than created, the manufacturers say.

The industries are that the Government is far from convinced by these arguments. Negotiations between it and Hitachi are understood to be at a delicate stage, which explains why the British manufacturers are stepping up their protests.

Thorn, the biggest; Philips-Pye; Decca; GEC; Rank-Bush-Murphy; and ITT say that there already is serious over-capacity in the industry, which can produce well over 2m. colour television sets a year. This compares with U.K. sales of 1.7m. in 1976, and the forecasts are that little market growth can be expected.

Two other Japanese concerns, Sony, which began production in the U.K. in 1974, and National Panasonic (Matsushita) which has just begun production, could soon make 40,000 sets a year, about 30 per cent of the U.K. sales in 1976 output.

Though a proportion would be exported, the impact on the home market would be substantial.

Factories producing at a marginal level would have to close. Further jobs would be lost in an industry which has already seen nearly 20,000 workers disappear in the last three years, the makers say.

They suggest it is unlikely that the Japanese manufacturers in the U.K. would use as many British components as do the domestic manufacturers. They refer to the fact that Hitachi is investing in a £30m colour tube plant in Finland in association with Salora and with the financial backing of the Finnish Government.

The British manufacturers have pointed out that they believed they were getting Government support in their struggle for survival, as the industry was included as a "key" sector in which special attention was being paid under

the industrial strategy programme.

Establishment of a Hitachi factory would create a large element of uncertainty and instability.

If Hitachi did set up in the U.K. it would probably be in the North-East, a development area, where it would provide between 400 and 500 jobs, an attractive proposition from the Government's point of view, and one which would attract State aid.

The Department of Industry apparently feels that Hitachi is determined to set up a European base and that it might as well be in the U.K.

armed troops patrolled the streets, and tanks remained stationed at key intersections.

The industrial areas of Landhi and Korangi and the west of Karachi have been placed under curfew and handed over to the Army, which has orders to "restore the situation to normal."

Mr. Zulfiqar Ali Bhutto, the Prime Minister, whose sweeping gains in the General Election are contested by the Opposition, may face a turbulent week, with token strikes and boycotts in several parts of the country.

The Karachi committee of the Opposition Pakistan National Alliance, many of whose leading figures have been jailed by Mr. Bhutto since the election, has called for a strike on Monday to protest against "police excesses on peaceful citizens."

At the weekend angry mobs set fire to cinemas and bus chassis at the State-owned Republic Motors.

According to the Opposition, 50 people have been killed in the last two days of rioting in Karachi alone.

Professor Ghafoor Ahmed, secretary-general of the Pakistan National Alliance, was arrested in Karachi yesterday shortly after his arrival from Lahore.

People held processions and demonstrations in Lyalpur, Sargoda, Multan, Lahore and several other cities in violation of the late banning assembly of five or more people.

Pakistan strike call after riot deaths

By OUR OWN CORRESPONDENT KARACHI, March 20.

PAKISTAN announced to-night that she was releasing four prominent Opposition leaders after another day of serious violence which claimed at least 22 lives in three towns.

In the worst clashes 18 were killed in a sun battle with the para-military Federal Security Forces in Hyderabad, a staunchly Opposition city in Sindh Province.

Three people were shot dead by soldiers for breaking a curfew in Karachi, and one was fatally wounded in a clash in Nawabshah. This raises the death toll in three consecutive days of violence to about 60.

In the Federal capital of Islamabad, Mr. Zulfiqar Ali Bhutto since the election has moved to slip the trouble by ordering release of the four leaders of the nine-party Pakistan National Alliance.

The Government said the four, retired Air Marshal Asghar Khan; Maulana Shah Ahmed Noorani; Mr. Sharazh Mazari; and Prof. Ghafoor Ahmed, were freed in a meeting called in Lahore to-morrow by the aged Opposition president, Maulana Mufli Mahmud.

The Government said earlier they were arrested for "creating lawlessness by unconstitutional activities."

At least 50 people died and several hundred were injured in clashes at the weekend-end.

Opposition officials said security forces that had five or more people to-day as heavily

armed troops patrolled the streets, and tanks remained stationed at key intersections.

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Continued from Page 1 Callaghan's hope is fading

to vote for the Government or abstain, and Mr. Frank Maguire, the Independent Irish MP, who has previously supported the Government but might abstain on Wednesday.

Mr. Maguire intends to turn up on Wednesday, but will not disclose his intentions before the vote.

If the Liberals carry out their threat and back the Conservative motion of no confidence, the Government therefore would lose by a handful of votes and a General Election would follow within a matter of weeks.

Liberal abstention might be enough to allow the Government to scrape home but there were other factors over the week-end that underlined the precariousness of the Government's position.

Mr. Reg Prentice, the former Minister and now a bitterly disenchanted back-bencher, let it be known that he echoed the Liberal position and would vote against the Government unless policy changes were forthcoming.

Mr. John Ryman, the "maverick" Labour MP for Blyth, also disclosed that he was considering voting against the Government.

The two Scottish Labour Party MPs, Mr. Jim Sillars (South Ayrshire) and Mr. John Robertson (Fife), are to see Mr. Michael Foot, Leader of the Commons, to-day.

They have already said that they intend to vote against the Government, although they could change their minds if Mr. Foot was able to give firm pledges on implementing the Government's devolution proposals.

What seems certain is that at best the Government will win Wednesday's vote by the narrowest of margins, and Mr. Callaghan's ability to survive for more than a few months is not rated highly by MPs.

Even the most optimistic Labour backbenchers admitted yesterday that the Premier's strategy of retaining power for up to two years in the hope of an electoral revival based on

economic prosperity now seems doomed.

The Conservative leadership appears to have taken a calculated gamble during the approach to Thursday's debate on the Government's White Paper on public expenditure to go all out to topple Mr. Callaghan's Administration. They decided that no better opportunity would occur in the foreseeable future.

Mrs. Thatcher, who is clearly scenting the kill after last Thursday's farcical division when the Government backed away from the vote for fear of defeat, launched a further attack at the week-end.

She told a Conservative conference in Torquay: "A Government that cannot get its major policies through the Commons cannot survive. . . . To-day we have a Government that dare not submit its economic policies to the judgment of the House."

The Opposition also intends to make contact this week with leaders of the minority parties including the Liberals and the Ulster Unionists.

Weather

U.K. TO-DAY

CLOUDY, showers in E., brighter in W. Cool.

London, S.E. Cent. S., S.W. England, Channel Is. Mainly dry, bright intervals. Max. 10C (50F).

E. Cent. N., N.E. England, E. Anglia, Borders, Edinburgh, Dundee, Aberdeen Bright intervals, showers, hill fog patches. Max. 10C (48F).

Midlands, Wales, N.W. England, E. of Man, N. Ireland Mainly dry, bright intervals. Max. 9C (48F).

S.W., N.W. Scotland, Glasgow, Argyll Mainly dry, bright intervals. Max. 7C (45F).

Cent. Highlands, Moray Firth, N.E. Scotland, Orkney, Shetland Bright intervals, wintry showers, hill fog patches. Max. 5C (41F).

Outlook: Mostly dry, sunny periods; cold; some showers in SE.

BUSINESS CENTRES

City	Y-day	Y-day	
	high-low	high-low	
Alexandria	19 68	Madrid	11 32
Amman	11 52	Managua	11 32
Antwerp	11 52	Mexico	11 32
Barcelona	12 59	Moscow	11 32
Bombay	12 59	Mumbai	11 32
Buenos Aires	12 59	Nairobi	11 32
Calcutta	12 59	Paris	12 34
Canton	12 59	Rangoon	12 34
Cebu	12 59	Reykjavik	12 34
Colon	12 59	Rio de Janeiro	12 34
Hankow	12 59	Rome	12 34
Hong Kong	12 59	Singapore	12 34
Kobe	12 59	Stockholm	12 34
London	12 59	Sydney	12 34
Lyons	12 59	Taipei	12 34
Manila	12 59	Tokyo	12 34
Medan	12 59	Toronto	12 34
Osaka	12 59	Warsaw	12 34
Shanghai	12 59	Zurich	12 34
Singapore	12 59		
Sourabaya	12 59		
Tientsin	12 59		
Yokohama	12 59		

HOLIDAY RESORTS

City	Y-day	Y-day	
	high-low	high-low	
Alicante	11 52	Las Palmas	13 64
Batavia	11 52	Lisbon	13 64
Bombay	11 52	Lyon	13 64
Buenos Aires	11 52	Madrid	13 64
Calcutta	11 52	Managua	13 64
Canton	11 52	Mexico	13 64
Cebu	11 52	Moscow	13 64
Colon	11 52	Mumbai	13 64
Hankow	11 52	Nairobi	13 64
Hong Kong	11 52	Paris	13 64
Kobe	11 52	Rangoon	13 64
London	11 52	Reykjavik	13 64
Lyons	11 52	Rio de Janeiro	13 64
Manila	11 52	Rome	13 64
Medan	11 52	Singapore	13 64
Osaka	11 52	Stockholm	13 64
Shanghai	11 52	Sydney	13 64
Singapore	11 52	Taipei	13 64
Sourabaya	11 52	Tokyo	13 64
Tientsin	11 52	Toronto	13 64
Yokohama	11 52	Warsaw	13 64
		Zurich	13 64



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